

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2008

COUNTY OF JONES
Trenton, North Carolina

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2008

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
Certified Public Accountants
Kinston, North Carolina

JONES COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Joseph F. Wiggins
Chairman

Charles Battle, Jr.

Jessie Eubanks

Mike Haddock

Sondra I. Riggs

COUNTY OFFICIALS

Franky Howard
County Manager

Wayne Vanderford
Tax Supervisor/Collector

Tina Meadows (DOT 9/5/08)
Melissa Moore-Freeman (DOH 11/10/08)
Finance Officer

Gloria Thomas
Register of Deeds

Thelma Simmons
Social Services Director

John Hall
Sheriff

FINANCIAL SECTION:

Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis	3 - 10

BASIC FINANCIAL STATEMENTS:**EXHIBIT*****Government-wide Financial Statements:***

1	Statement of Net Assets	11
2	Statement of Activities	12 - 13

Fund Financial Statements:

3	Balance Sheet – Governmental Funds	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	16
6	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	17
7	Statement of Net Assets – Proprietary Fund	18
8	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	19
9	Statement of Cash Flows – Enterprise Fund	20
10	Statement of Fiduciary Net Assets – Fiduciary Fund	21
	Notes to the Financial Statements	22 - 48

REQUIRED SUPPLEMENTAL FINANCIAL DATA:**STATEMENT*****Law Enforcement Officers' Special Separation Allowance:***

1	Schedule of Funding Progress	49
2	Schedule of Employer Contributions and Notes to the Required Statements	50

Combining and Individual Fund Financial Statements and Schedules:

3	Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund – Budget and Actual	51 - 62
4	Statement of Revenues, Expenditures and Changes in Fund Balance - Incubator Capital Projects Fund – Budget and Actual	63
5	Statement of Revenues, Expenditures and Changes in Fund Balance - Defense Holdings, Inc. Capital Projects Fund – Budget and Actual	64
6	Combining Balance Sheet – Nonmajor Governmental Funds	65
7	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	66 - 67

**Statements of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual:**

8	Property Revaluation Fund.....	68
9	Emergency Telephone System Fund.....	69
10	2007 CDBG Scattered Site Fund	70
11	Trent River Snagging Fund	71
12	DSS Renovations Capital Projects Fund	72
13	Rural Center Clean Water Bond Construction Fund	73
14	Courthouse Renovations Capital Projects Fund	74
	<i>Enterprise Fund:</i>	
15	Statement of Revenues and Expenditures-Budget and Actual (Non-GAAP)	75 - 76
16	Statement of Revenues and Expenditures-Budget and Actual (Non-GAAP) Water Capital Reserve Fund	77
17	Statement of Revenues and Expenditures-Budget and Actual (Non-GAAP) Rock Creek Water Project Capital Projects Fund	78
	<i>Agency Funds:</i>	
18	Combining Statement of Changes in Net Assets, Liabilities and Fund Balance.....	79

OTHER STATEMENTS:

19	Statement of Ad Valorem Taxes Receivable	80
20	Analysis of Current Tax Levy	81
21	Ten Largest Taxpayers	82

COMPLIANCE SECTION:

SCHEDULE

	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	83 - 84
	Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	85 - 86
	Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.....	87 - 88
1	Schedule of Findings and Questioned Costs	89 - 97
2	Corrective Action Plan	98 - 100
3	Summary Schedule of Prior Year Audit Findings	101
4	Schedule of Expenditures of Federal and State Financial Awards	102 -107

FINANCIAL SECTION



BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
KINSTON, NORTH CAROLINA 28504-8319

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

OSSIE T. SHACKELFORD, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
Jones County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of and for the year then ended June 30, 2008, which collectively comprise Jones County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jones County, North Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Jones County ABC Board were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jones County, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2009 on our consideration of Jones County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Jones County, North Carolina. The combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

January 29, 2009

Management's Discussion and Analysis

As management of Jones County, we offer readers of Jones County's financial statements this narrative overview and analysis of the financial activities of Jones County for the fiscal year ended June 30, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

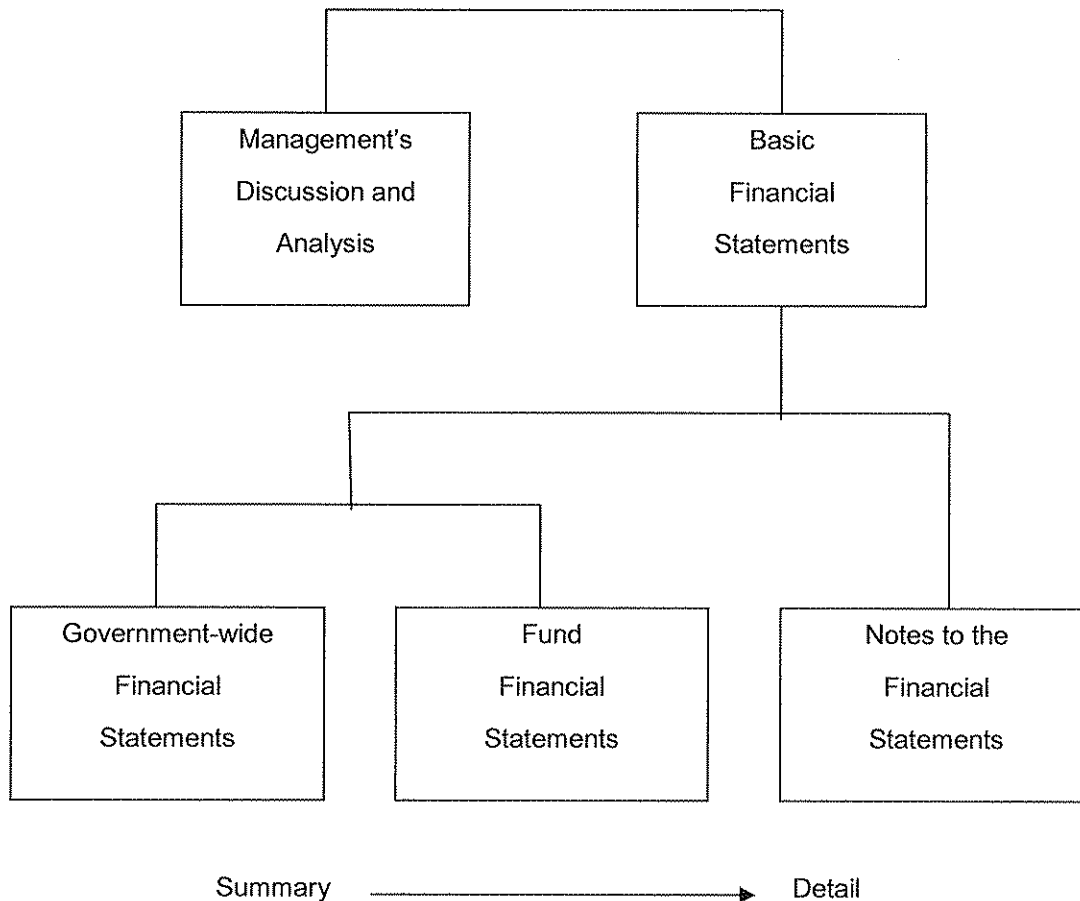
- The assets of Jones County exceeded its liabilities at the close of the fiscal year by \$20,022,644 (*net assets*).
- The government's total net assets increased by \$1,666,274, primarily due to increased net assets in the General Fund. This compares to an increase of \$186,462 in 2007.
- As of the close of the current fiscal year, Jones County's governmental funds (which include the general, special revenue and capital projects funds) reported combined ending fund balances of \$8,932,195, an increase of \$1,118,269 in comparison with the prior year. At June 30, 2008, approximately 50.2% of this total amount, or \$4,484,017 is available for spending at the government's discretion (unreserved).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$1,985,358, or 18.28% of total general fund expenditures for the fiscal year. In 2007, unreserved undesignated fund balance in the General Fund was \$2,401,532, or 23.7% of total expenditures.
- Jones County's total debt increased by \$412,518 (13.83%) during the current year. The key factor in the increase is the USDA loan proceeds to complete the Rock Creek Water Project.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jones County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Jones County.

THIS SPACE INTENTIONALLY LEFT BLANK

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plan.

Management's Discussion and Analysis (continued)

County of Jones

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer services offered by Jones County. The final category is the component unit. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jones County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Jones County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Jones County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Management's Discussion and Analysis (continued)
County of Jones

Proprietary Funds – Jones County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Jones County uses enterprise funds to account for its water activity. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Jones County has one fiduciary fund, which is an agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 21 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Jones County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Jones County exceeded liabilities by \$20,022,644 as of June 30, 2008. As of June 30, 2007, the net assets of Jones County stood at \$18,356,370. The County's net assets increased by \$1,666,274 for the fiscal year ended June 30, 2008, compared to an increase of \$186,462 in 2007. One of the largest portions (47.39%) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Jones County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jones County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jones County's net assets (<1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,517,614 is unrestricted. In 2007, the amount of net assets invested in capital assets net of related debt was \$9,579,536, with restricted assets standing at \$10,831. The remaining \$8,766,003 was unrestricted net assets for that year.

Jones County's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$10,459,398	\$8,830,019	\$1,598,390	\$1,179,425	\$12,057,788	\$10,009,444
Capital assets	5,368,313	4,942,501	6,934,055	6,987,334	12,302,368	11,929,835
Total assets	\$15,827,711	\$13,772,520	\$8,532,445	\$8,166,759	\$24,360,156	\$21,939,279
Current Liabilities	\$682,191	\$340,347	\$122,436	\$135,011	\$804,627	\$475,358
Long-Term Liabilities	3,018,337	3,089,561	533,867	17,990	3,552,204	3,107,551
Total liabilities	\$3,700,528	\$3,429,908	\$656,303	\$153,001	\$4,356,831	\$3,582,909
Net assets:						
Invested in capital assets, net of related debt	\$3,055,084	\$2,592,202	\$6,434,055	\$6,987,334	\$9,489,139	\$9,579,536
Restricted	15,891	10,831			15,891	10,831
Unrestricted	9,056,208	7,739,579	1,461,406	1,026,424	10,517,614	8,766,003
Total net assets	\$12,127,183	\$10,342,612	\$7,895,461	\$8,013,758	\$20,022,644	\$18,356,370

Management's Discussion and Analysis (continued)
County of Jones

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes has allowed Jones County to maintain a collection rate of 94.17% which is comparable to last year's collection rate of 94.62%.
- With the guidance of the Board, the County commissioners and the leadership of the County Manager, all department heads and employees strive to remain within their approved budgets and to reduce spending where possible.

Jones County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$1,007,743	\$557,491	\$769,429	\$774,373	\$1,777,172	\$1,331,864
Operating grants and contributions	4,169,806	3,355,877			4,169,806	3,355,877
Capital grants and contributions	704,465	10,600			704,465	10,600
General revenues:						
Property taxes	4,758,873	4,520,045			4,758,873	4,520,045
Other taxes	1,810,365	1,778,881			1,810,365	1,778,881
Grants and contributions not restricted to specific programs	440,258	206,693			440,258	206,693
Other	178,571	489,255	5,832	38,840	184,403	528,095
Total revenues	\$13,070,081	\$10,918,842	\$775,261	\$813,213	\$13,845,342	\$11,732,055
Expenses:						
General government	\$1,828,443	\$1,490,693			\$1,828,443	\$1,490,693
Public safety	2,040,604	1,739,361			2,040,604	1,739,361
Environmental Protection	621,344	433,482			621,344	433,482
Economic and physical development	286,480	548,905			286,480	548,905
Human services	4,564,288	4,256,334			4,564,288	4,256,334
Cultural and recreation	209,211	241,854			209,211	241,854
Education	1,723,907	1,810,269			1,723,907	1,810,269
Interest on long-term debt	76,233	64,610			76,233	64,610
Water			\$828,558	\$960,085	828,558	960,085
Total expenses	\$11,350,510	\$10,585,508	\$828,558	\$960,085	\$12,179,068	\$11,545,593
Increase in net assets before transfer	\$1,719,571	\$333,334	(\$53,297)	(\$146,872)	\$1,666,274	\$186,462
Transfers	65,000	60,000	(65,000)	(60,000)		
Increase (Decrease) in net assets	\$1,784,571	\$393,334	(\$118,297)	(\$206,872)	\$1,666,274	\$186,462
Net assets, July 1	10,342,612	9,949,278	8,013,758	8,220,630	18,356,370	18,169,908
Net assets, June 30	\$12,127,183	\$10,342,612	\$7,895,461	\$8,013,758	\$20,022,644	\$18,356,370

Management's Discussion and Analysis (continued)
County of Jones

Governmental Activities. Governmental activities increased the County's net assets by \$1,784,571 compared to an increase of \$393,334 in 2007. The 2008 growth was enhanced by additional grant funds for rehabilitation and repair of homes, Emergency Medical Service revenues and other grant funds for various County projects. Key elements of the increase in 2008 are as follows:

- The Board of County commissioners has continued to operate the County within a lean and conservative budget. This effort has allowed the County to set aside funds for the mandated renovations to the county courthouse and jail which is scheduled to be put out for bid in early 2008.
- Monthly review by the Finance Officer and the County Manager of the year to date expenditures will ensure the County remains within the approved operating budget.

Business-type activities: Business-type activities decreased Jones County's net assets by \$118,297 compared to a decrease of \$206,872 in 2007. Key elements of this decrease in 2008 are as follows:

- The County has continued to work on a \$1.4 million capital project to extend the waterline approximately 22 miles in the northeast section of the County. This project required matching funds as well as in-kind labor from the Jones County Water System.

Financial Analysis of the County's Funds

As noted earlier, Jones County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Jones County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Jones County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Jones County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,357,531, while total fund balance reached \$7,805,709. \$1,372,173 of the unreserved fund balance has been designated for future projects and subsequent year's expenditures, leaving \$1,985,358 unreserved and undesignated. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and unreserved/undesignated total fund balance to total fund expenditures. Unreserved fund balance and unreserved/undesignated fund balance represent 30.91 and 18.28 percent, respectively of total General Fund expenditures, while total fund balance represents 71.87 percent of that same amount.

At June 30, 2008, the governmental funds of Jones County reported a combined fund balance of \$8,932,195 compared to \$7,813,926 at June 30, 2007. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,232,572.

Proprietary Funds. Jones County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,461,406. The total decrease in net assets was \$118,297. Other factors concerning the finances of this fund has already been addressed in the discussion of Jones County's business-type activities.

Management's Discussion and Analysis (continued)
County of Jones

Capital Asset and Debt Administration

Capital assets. Jones County's capital assets for its governmental and business – type activities as of June 30, 2008, totals \$12,302,369 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include:

- Continued water line extensions to the northeast region of the County.
- Renovated the vacant DSS building that now houses the Sheriff department and the Tax office.
- Completed the construction of a County Business and Industry Center at a cost of \$841,753.

Jones County's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$385,899	\$385,899	\$35,708	\$35,708	\$421,607	\$421,607
Buildings and system	4,524,735	3,717,145	5,566,030	5,737,454	10,090,765	9,454,599
Machinery and equipment	274,970	292,945	62,071	85,185	337,041	378,130
Infrastructure	136,898	139,943			136,898	139,943
Construction in Progress	45,811	406,569	1,270,247	1,128,987	1,316,058	1,535,556
Total	\$5,368,313	\$4,942,501	\$6,934,056	\$6,987,334	\$12,302,369	\$11,929,835

Additional information on the County's capital assets can be found in note III. (A) (5) of the Basic Financial Statements.

Long-term Debt.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Qualified Zone Academy Bonds	\$582,596	\$633,008			\$582,596	\$633,008
Capitalized Leases	10,173	31,056			10,173	31,056
Installment Purchases	2,303,056	2,319,243	\$500,000		2,803,056	2,319,243
	\$2,895,825	\$2,983,307	\$500,000	\$0	\$3,395,825	\$2,983,307

Jones County's total debt increased by \$412,518 (13.83%) during the past fiscal year, primarily due to the \$500,000 USDA loan acquired for the Rock Creek Water Project.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt

Management's Discussion and Analysis (continued)
County of Jones

margin for Jones County is \$55,809,550. At June 30, 2008, Jones County had general obligations and capitalized leases outstanding of \$3,395,825 that are to be considered within the legal debt margin.

Additional information regarding Jones County's long-term debt can be found in note III. (B) (6) beginning on page 43 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County has maintained a low unemployment rate of 5.8% compared to the state average of 6.2%.
- The Town of Maysville will attract a subdivision with an anticipated investment of approximately \$60 million upon completion of sewer improvements.
- Lenoir Community College has acquired over \$2 million to construct a new Jones County facility across from the Industrial Park in Trenton.
- The County continues to see an increase in private construction of new homes.
- The NC Department of Transportation has selected a preferred corridor for the Hwy. 17 bypass through the eastern part of Jones County. When construction is complete, the bypass will alleviate overcrowded highways in the area as well as bring new growth to that region of the County.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities: The County's tax rate will increase from 68 cents to 70 cents thereby increasing budgeted tax revenues.

Budgeted expenditures in the General Fund are expected to rise 8%.

Business – type Activities: General operating expenses have been budgeted with an increase of 24% largely due to the match required for a NC Rural Center Grant. These increases will be countered by an increase in the minimum water rate from \$9 to \$12.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Jones County Finance Office, 418 Hwy 58 North (Post Office Box 266), Trenton, NC 28585.

BASIC FINANCIAL STATEMENTS

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Jones County ABC Board
Assets:				
Cash and Cash Equivalents	\$7,001,105	\$1,455,117	\$8,456,222	\$37,313
Receivables (Net)	1,299,875	107,267	1,407,142	
Due From Other Governments	822,197		822,197	
Inventories	4,130	36,006	40,136	137,935
Prepaid Items				2,116
Notes Receivable:				
Due Within One Year	49,951		49,951	
Due in More Than One Year	1,282,140		1,282,140	
Capital Assets:				
Land, Improvements, and Construction in Progress	431,710	1,305,955	1,737,665	15,073
Other Capital Assets, Net of Depreciation	4,936,603	5,628,100	10,564,703	23,139
Total Capital Assets	\$5,368,313	\$6,934,055	\$12,302,368	\$38,212
Total Assets	\$15,827,711	\$8,532,445	\$24,360,156	\$215,576
Liabilities:				
Accounts Payable and Accrued Expenses	\$502,561	\$35,781	\$538,342	\$55,125
Accrued Interest Payable	16,115		16,115	
Unearned Revenue	41,123		41,123	
Customer Deposits		81,884	81,884	
Long-term Liabilities:				
Due within one year	122,392	4,771	127,163	
Due in more than one year	3,018,337	514,548	3,532,885	
Total Liabilities	\$3,700,528	\$636,984	\$4,337,512	\$55,125
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$3,055,084	\$6,434,055	\$9,489,139	\$38,212
Restricted For:				
Register of Deeds	15,891		15,891	
Unrestricted	9,056,208	1,461,406	10,517,614	122,239
Total Net Assets	\$12,127,183	\$7,895,461	\$20,022,644	\$160,451

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$1,828,443	\$162,947		
Public Safety	2,040,604	532,452	\$173,409	
Environmental Protection	621,344	122,547	167,494	
Economic and Physical Development	286,480	165,487	442,499	\$704,465
Human Services	4,564,288	22,605	3,347,123	
Cultural and Recreation	209,211	1,705	100	
Education	1,723,907		39,181	
Interest on Long-Term Debt	76,233			
Total Governmental Activities	\$11,350,510	\$1,007,743	\$4,169,806	\$704,465
 Business-type Activity:				
Water	\$828,558	\$769,429		
Total Business-type Activities	\$828,558	\$769,429	\$0	\$0
	\$12,179,068	\$1,777,172	\$4,169,806	\$704,465
 Component Units:				
ABC Board	\$861,029	\$849,149		
Total Component Unit	\$861,029	\$849,149	\$0	\$0

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Tax

Other Taxes and Licenses

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings, Unrestricted

Miscellaneous, Unrestricted

Special item - loss on sale of building constructed for Econ Dev

Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets, Beginning

NET ASSETS, ENDING

Net (Expense) Revenue and Changes in Net Assets			Component Unit Jones County ABC Board
Primary Government			
Governmental Activities	Business-type Activities	Total	
(\$1,665,496)		(\$1,665,496)	
(1,334,743)		(1,334,743)	
(331,303)		(331,303)	
1,025,971		1,025,971	
(1,194,560)		(1,194,560)	
(207,406)		(207,406)	
(1,684,726)		(1,684,726)	
(76,233)		(76,233)	
(\$5,468,496)	\$0	(\$5,468,496)	
	(\$59,129)	(\$59,129)	
\$0	(\$59,129)	(\$59,129)	
(\$5,468,496)	(\$59,129)	(\$5,527,625)	
			(\$11,880)
			(\$11,880)
\$4,758,873		\$4,758,873	
1,678,254		1,678,254	
132,111		132,111	
440,258		440,258	
332,496	\$5,832	338,328	\$352
61,874		61,874	12
(215,799)		(215,799)	
65,000	(65,000)		
\$7,253,067	(\$59,168)	\$7,193,899	\$364
\$1,784,571	(\$118,297)	\$1,666,274	(\$11,516)
10,342,612	8,013,758	18,356,370	171,967
\$12,127,183	\$7,895,461	\$20,022,644	\$160,451

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	Major			Non-Major	
		Incubator	Defense	Other	Total
	General	Capital	Holdings, Inc.	Governmental	Governmental
		Project Fund	Capital	Funds	Funds
		Project Fund	Project Fund		
ASSETS:					
Cash and Cash Equivalents	\$5,774,370			\$1,226,735	\$7,001,105
Receivables, Net	630,775	\$300,000	\$300,000		1,230,775
Due From Other Funds	619,115				619,115
Due From Other Governments	708,498	12,936	17,881	82,882	822,197
Current Portion-Notes Receivable	49,951				49,951
Inventories	4,130				4,130
Notes Receivable	1,282,140				1,282,140
TOTAL ASSETS	\$9,068,979	\$312,936	\$317,881	\$1,309,617	\$11,009,413
LIABILITIES AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable and Accrued Liabilities	\$372,814			\$129,747	\$502,561
Due To Other Funds		\$301,234	\$317,881		619,115
Unearned Revenue	41,123				41,123
Deferred Revenue	849,333			65,086	914,419
Total Liabilities	\$1,263,270	\$301,234	\$317,881	\$194,833	\$2,077,218
<i>Fund Balances:</i>					
Reserved for:					
Inventories	\$4,130				\$4,130
State Statute	2,441,146				2,441,146
Reserved for Specific Expenditures	1,987,011				1,987,011
Register of Deeds	15,891				15,891
Unreserved, Available for Appropriation:					
Designated for Future Projects	872,173				872,173
Designated for Subsequent Years' Expenditure	500,000				500,000
Undesignated	1,985,358	\$11,702			1,997,060
Unreserved, Reported In Nonmajor:					
Special Revenue Funds				\$297,775	297,775
Capital Projects Fund				817,009	817,009
Total Fund Balances	\$7,805,709	\$11,702	\$0	\$1,114,784	\$8,932,195
TOTAL LIABILITIES AND FUND BALANCES	\$9,068,979	\$312,936	\$317,881	\$1,309,617	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$5,368,313
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	69,100
Liabilities for earned but deferred revenues in fund statements.	914,419
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 6).	(3,156,844)
Net Assets of Governmental Activities	\$12,127,183

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2008

	Major			Non-Major	
		Incubator Capital Project Fund	Defense Holdings, Inc. Capital Project Fund	Other Governmental Funds	Total Governmental Funds
	General				
REVENUES:					
Ad Valorem Taxes	\$4,723,214				\$4,723,214
Local Option Sales Taxes	1,678,254				1,678,254
Other Taxes and Licenses	63,254			\$132,111	195,365
Unrestricted Intergovernmental	97,630				97,630
Restricted Intergovernmental	3,728,356	\$363,575		199,223	4,291,154
Permits and Fees	182,759				182,759
Sales and Services	534,219				534,219
Investment Earnings	331,672			824	332,496
Miscellaneous	226,256	340,890	\$475,980		1,043,126
TOTAL REVENUES	\$11,565,614	\$704,465	\$475,980	\$332,158	\$13,078,217
EXPENDITURES:					
<i>Current:</i>					
General Government	\$1,610,948			\$70,726	\$1,681,674
Public Safety	1,826,681			160,856	1,987,537
Environmental Protection	511,838			110,184	622,022
Economic and Physical Development	208,363	\$826,132	\$1,060,911	35,119	2,130,525
Human Services	4,555,225			70,485	4,625,710
Cultural and Recreational	187,413				187,413
Miscellaneous-County	74,733				74,733
<i>Intergovernmental:</i>					
Education	1,723,907				1,723,907
<i>Debt Service:</i>					
Principal	87,482				87,482
Interest	73,968				73,968
Total Expenditures	\$10,860,558	\$826,132	\$1,060,911	\$447,370	\$13,194,971
Excess (Deficiency) of Revenues					
Over Expenditures	\$705,056	(\$121,667)	(\$584,931)	(\$115,212)	(\$116,754)
OTHER FINANCING SOURCES (USES):					
Transfers from Other Funds	\$65,000	\$77,414	\$36,019	\$405,669	\$584,102
Transfers to Other Funds	(449,475)		(69,627)		(519,102)
Capital Contributions	1,170,023				1,170,023
Total Other Financing Sources (Uses)	\$785,548	\$77,414	(\$33,608)	\$405,669	\$1,235,023
Net Change in Fund Balance	\$1,490,604	(\$44,253)	(\$618,539)	\$290,457	\$1,118,269
<i>Fund Balances, Beginning</i>	<i>6,315,105</i>	<i>55,955</i>	<i>618,539</i>	<i>824,327</i>	<i>7,813,926</i>
FUND BALANCES, ENDING	\$7,805,709	\$11,702	\$0	\$1,114,784	\$8,932,195

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$1,118,269
---	-------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

798,990

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(263,997)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

87,482

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

43,827

Total Changes in Net Assets of Governmental Activities

\$1,784,571

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$4,589,237	\$4,589,237	\$4,723,214	\$133,977
Local Option Sales Tax	1,323,350	1,323,350	1,678,254	354,904
Other Taxes and Licenses	73,000	60,000	63,254	3,254
Unrestricted Intergovernmental	80,000	80,000	97,630	17,630
Restricted Intergovernmental	2,907,326	3,186,883	3,728,356	541,473
Permits and Fees	340,587	130,089	182,759	52,670
Sales and Services	126,425	329,125	534,219	205,094
Investment Earnings	150,000	165,414	331,672	166,258
Miscellaneous	28,254	112,054	226,256	114,202
Total Revenues	\$9,618,179	\$9,976,152	\$11,565,614	\$1,589,462
Expenditures:				
<i>Current:</i>				
General Government	\$1,633,530	\$1,574,129	\$1,610,948	(\$36,819)
Public Safety	1,568,470	1,813,426	1,826,681	(13,255)
Environmental Protection	360,468	522,554	511,838	10,716
Economic and Physical Development	309,917	219,385	208,363	11,022
Human Services	4,644,490	5,007,369	4,555,225	452,144
Cultural and Recreational	85,432	195,531	187,413	8,118
Miscellaneous-County	90,032	54,351	74,733	(20,382)
<i>Intergovernmental:</i>				
Education	1,710,027	1,601,171	1,723,907	(122,736)
<i>Debt Service:</i>				
Principal Retirement	37,069	37,069	87,482	(50,413)
Interest	74,253	74,253	73,968	285
Total Expenditures	\$10,513,688	\$11,099,238	\$10,860,558	\$238,680
Revenues Over (Under) Expenditures	(\$895,509)	(\$1,123,086)	\$705,056	\$1,828,142
Other Financing Sources (Uses):				
Transfers (To) From Other Funds	\$65,000	(\$582,022)	(\$384,475)	\$197,547
Capital Contributions			1,170,023	1,170,023
Appropriated Fund Balance	830,509	1,705,108		(1,705,108)
Total Other Financing Sources (Uses)	\$895,509	\$1,123,086	\$785,548	(\$337,538)
Net Change in Fund Balance	\$0	\$0	\$1,490,604	\$1,490,604
Fund Balances:				
Beginning of Year, July 1			6,315,105	
End of Year, June 30			\$7,805,709	

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2008

	<u>Major Fund</u>
	<u>Water</u>
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$1,455,117
Receivables, Net	107,267
Inventories	36,006
Total Current Assets	\$1,598,390
<i>Noncurrent Assets:</i>	
Capital Assets:	
Land, Improvements, and Construction in Progress	\$1,305,955
Other Capital Assets, Net of Depreciation	5,628,100
Total Capital Assets	\$6,934,055
TOTAL ASSETS	\$8,532,445
<u>LIABILITIES AND NET ASSETS</u>	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts Payable	\$35,781
Customer Deposits	81,884
Current Portion of Installment Obligation Payable	4,771
Total Current Liabilities	\$122,436
<i>Noncurrent Liabilities:</i>	
Compensated Absences	\$19,319
Installment Obligation Payable	495,229
Total Noncurrent Liabilities	\$514,548
TOTAL LIABILITIES	\$636,984
<i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	\$6,434,055
Unrestricted	1,461,406
Total Net Assets	\$7,895,461

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2008

	<u>Major Fund</u>
	<u>Water</u>
OPERATING REVENUES:	
Water Sales	\$726,663
Water Tap Fees	22,500
Reconnect Fees	17,775
Other Operating Revenues	2,491
Total Operating Revenues	\$769,429
OPERATING EXPENSES:	
Administration	\$189,899
Raw Water Supply Maintenance	418,609
Depreciation	220,050
Total Operating Expenses	\$828,558
Operating Income (Loss)	(\$59,129)
NONOPERATING REVENUES	
Interest and Investment Revenue	\$5,832
Total Nonoperating Revenues	\$5,832
Income (Loss) Before Contributions and Transfers	(\$53,297)
Transfers From (To) From Other Funds	(65,000)
Change in Net Assets	(\$118,297)
Total Net Assets, Beginning	8,013,758
Total Net Assets, Ending	\$7,895,461

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2008

	<u>Major Fund</u>
	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$726,437
Cash Paid for Goods and Services	(344,455)
Cash Paid to Employees for Services	(240,592)
Customer Deposits Received	13,000
Customer Deposits Returned	(15,555)
Other Operating Revenues	2,491
Net Cash Provided (Used) by Operating Activities	\$141,326
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	(\$65,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(\$166,771)
Installment Obligation Issued	500,000
Net Cash Used by Capital and Related Financing Activities	\$333,229
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	\$5,832
Net Increase (Decrease) in Cash and Cash Equivalents	\$415,387
Cash and Cash Equivalents, July 1	1,039,730
Cash and Cash Equivalents, June 30	\$1,455,117
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	(\$59,129)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$220,050
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable	226
Decrease (Increase) in Inventory	(3,804)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(14,791)
Increase (Decrease) in Customer Deposits	(2,555)
Increase (Decrease) in Accrued Vacation Payable	1,329
Total Adjustments	\$200,455
Net Cash Provided by (Used by) Operating Activities	\$141,326

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2008

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$56,696
Accounts Receivable	<u>5,860</u>
Total Assets	<u>\$62,556</u>
<u>Liabilities and Net Assets</u>	
<i>Liabilities:</i>	
Accounts Payable and Accrued Liabilities	<u>\$62,556</u>
Total Liabilities	<u>\$62,556</u>
<i>Net Assets:</i>	
Assets Held in Trust	<u>\$0</u>

The notes to the financial statements are an integral part of this statement.

JONES COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS INDEX

NOTE

I	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	22
II	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	30
III	DETAIL NOTES ON ALL FUNDS	31
IV	FUND BALANCES - RESERVED FOR SPECIFIC EXPENDITURES	46
V	FUND BALANCES - DESIGNATED FOR FUTURE PROJECTS	46
VI	JOINT VENTURES	46
VII	JOINTLY GOVERNED ORGANIZATIONS	47
VIII	BENEFIT PAYMENTS ISSUED BY THE STATE	48
IX	SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES	48

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Jones County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. REPORTING ENTITY

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Jones County Industrial Facility and Pollution Control Financing Authority (*Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Jones County ABC Board (*Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Jones County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued
Jones County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Jones County ABC Board PO Box 86 Trenton, NC 28585

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed as in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund – This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Incubator Building Capital Projects Fund – The County uses this fund to account for the construction of a shell building within the Industrial Park for economic development.

Defense Holdings, Inc. Capital Projects Fund – The County uses this fund to account for the construction of a building within the Industrial Park for economic development.

The County reports the following major enterprise fund:

Water Fund – This fund is used to account for the operations of the water system within the County.

The County reports the following fund types:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Jones County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles, the Ad Valorem Tax Fund, which accounts for property taxes that are billed and collected by the County for municipalities and other taxing jurisdictions within the County, and the Agricultural Extension Fund, which accounts for the moneys collected and disbursed by the cooperative extension office.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 30 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Jones County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they due. Therefore, taxes for vehicles registered from March 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. BUDGETARY DATA

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Property Revaluation Fund, Emergency Telephone System Fund, and Trent River Snagging Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the 2007 CDBG Scattered Site Fund, the Trent River Snagging Fund, the Capital Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is not authorized to transfer any appropriation within a fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. In the General Fund, revenues and expenditures were increased by \$1,232,572 due to budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. ASSETS, LIABILITIES, AND FUND EQUITY

1. Deposits and Investments

All deposits of the County and Jones County ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Jones County ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2007. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise fund as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Enterprise Fund and that of the ABC Board is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, \$1; Buildings, improvements, substations, lines and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Jones County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Jones County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	40 – 50
Plant and Distribution Systems	40 – 50
Infrastructure	50
Improvements	10 – 50
Furniture and Equipment	10
Vehicles and Motorized Equipment	5
Computer Equipment	5

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	20
Furniture and Equipment	10
Vehicles	10

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

8. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

9. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for Inventories – portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for Specific Expenditures – portion of fund balance that has been reserved for specific programs or obligations of the County.

Reserved by State Statute – portion of fund balance, in addition to reserves for inventories and reserves for specific expenditures, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Reserved for Register of Deeds – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.

Unreserved:

Designated for Future Projects and Expenditures - portion of total fund balance available for appropriation that has been designated for future projects and expenditures.

Designated for Subsequent Year's Expenditures – portion of total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinance.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

E. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$3,194,988 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$7,553,646
Less Accumulated Depreciation	<u>(2,185,333)</u>
Net Capital Assets	\$5,368,313
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	69,100
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	914,419
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(2,895,825)
Compensated absences	(236,997)
Accrued interest payable	(16,115)
Net pension obligation	(7,907)
Total Adjustment	<u>\$3,194,988</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$666,302 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$1,019,506
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(220,516)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	87,482
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	46,092
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(2,265)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/01/07	(454,448)
Recording of tax receipts deferred in the fund statements as of 6/30/08	488,636
Increase in accrued taxes receivable for year ended 6/30/08	1,471
Current year collections of receivables recorded as revenue in the fund statements this year but in the government-wide statements in the year they were assessed.	(299,656)
Total Adjustment	\$666,302

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

Noncompliance with North Carolina General Statutes

The County is required to operate under a balanced budget ordinance in accordance with N.C. General Statute 159-8(a). The budget ordinance adopted by the County for the year ended June 30, 2008 was not in balance. After discovering the problem, the County balanced the original budget.

The County is required to include all funds received and expended in the budget ordinance in accordance with N.C. General Statute 159-8(a). During the year, the County received several new grant sources and additional revenues in excess of originally budgeted amounts that were not included in the budget ordinance, as amended. Expenditures were also made that were not budgeted. In the future, financial personnel will monitor the budget periodically and make budget amendments as necessary.

The County's finance officer is required to approve all disbursements by determining that the amount is payable and an appropriation has been approved in the budget ordinance with an unencumbered remaining balance in accordance with N.C. General Statute 159-28. During the year, the finance officer did not approve invoices for payment in the manner prescribed. In the future, the County's finance officer will approve all disbursements as required.

B. DEFICIT FUND BALANCE OR NET ASSETS OF INDIVIDUAL FUNDS

The Rock Creek Water Project Fund had a deficit fund balance of \$157,834 due to the fact that expenditures were incurred before loan proceeds were received.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year ended June 30, 2008, the County reported the following expenditures that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance. Management will monitor budgets closely in the future to avoid expenditures in excess of appropriations.

	<u>Budget</u>	<u>Expenditures</u>	<u>Over Expended</u>
General Fund			
General Government			
Governing Body	\$250,353	\$271,464	\$21,111
Finance	\$211,870	\$218,040	\$6,170
Public Buildings	\$351,740	\$353,641	\$1,901
Court Facilities	\$34,530	\$36,511	\$1,981
Administration	\$162,272	\$174,416	\$12,144
Public Safety			
Emergency Services	\$521,728	\$549,841	\$28,113
Communication System	\$11,563	\$11,659	\$96
Medical Examiner	\$2,200	\$5,700	\$3,500
Rabies Control	\$6,040	\$6,160	\$120
Environmental Protection			
State Forest Protection	\$67,000	\$71,159	\$4,159
Economic & Physical Development			
Economic Development	\$65,938	\$66,363	\$425

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (continued)

	<u>Budget</u>	<u>Expenditures</u>	<u>Over Expended</u>
General Fund (continued)			
Human Services			
Bioterrorism	\$62,242	\$64,873	\$2,631
Environmental Health	\$19,910	\$21,027	\$1,117
Food & Lodging	\$1,205	\$1,612	\$407
Immunization Action Plan	\$6,192	\$6,690	\$498
WIC Supplemental Food	\$49,056	\$49,670	\$614
Child Services Coordinator	\$3,549	\$4,629	\$1,080
Teen Pregnancy Prevention	\$62,500	\$63,144	\$644
Teen Tobacco Prevention	\$9,351	\$9,545	\$194
Supplemental Assistance	\$125,246	\$134,172	\$8,926
Crisis Intervention	\$21,867	\$22,402	\$535
Veterans Service Officer	\$16,005	\$17,931	\$1,926
Education			
Public Schools	\$1,490,030	\$1,612,785	\$122,755
Debt Service	\$111,322	\$161,450	\$50,128
Micellaneous - County	\$54,351	\$74,733	\$20,382
Defense Holdings, Inc. Capital Projects Fund			
Construction	\$1,257,889	\$1,342,491	\$84,602
Emergency Telephone System Fund			
Public Safety			
911	\$45,340	\$108,139	\$62,799
Wireless	\$40,773	\$52,717	\$11,944
Water Fund			
Capital Outlay	\$0	\$25,511	\$25,511
Transfer to Water Capital Reserve Fund	\$0	\$50,000	\$50,000
Transfer to Rock Creek Capital Projects Fund	\$0	\$57,762	\$57,762
Rock Creek Water Capital Projects Fund			
Engineering	\$67,500	\$186,226	\$118,726
Additional Services	\$4,500	\$5,429	\$929

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

1. Deposits (continued)

for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2008, the County's deposits had a carrying amount of \$1,235,291 and a bank balance of \$1,438,904. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,238,904 in interest bearing accounts were covered by collateral held under the Pooling Method.

At June 30, 2008, Jones County had \$1,400 cash on hand.

At June 30, 2008, the carrying amount of deposits for Jones County ABC Board was \$35,813 and the bank balance was \$65,364. All of the bank balance was covered by federal depository insurance. At June 30, 2008, the ABC Board had \$1,500 cash on hand.

2. Investments

At June 30, 2008, the County's investment balances were as follows:

	<u>Fair Value</u>
NC Capital Management Trust - Cash Portfolio	\$7,277,627
Total Investments	\$7,277,627

The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2008. The County has no policy on credit risk.

At June 30, 2008, the ABC Board had no investments.

3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007	\$574,816	\$33,052	\$607,868
2006	539,738	79,611	619,349
2005	232,544	55,229	287,773
2004	231,662	75,870	307,532
Total	\$1,578,760	\$243,762	\$1,822,522

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

4. Receivables

Receivables at the government-wide level at June 30, 2008, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
<i>Governmental Activities:</i>				
General	\$217,539	\$574,236	\$708,498	\$1,500,273
Other Governmental	600,000		113,699	713,699
Total Receivables	\$817,539	\$574,236	\$822,197	\$2,213,972
Allowance for Doubtful Accounts	(75,400)	(16,500)		(91,900)
Total Governmental Activities	\$742,139	\$557,736	\$822,197	\$2,122,072
<i>Business-type Activities:</i>				
Water	\$136,767			\$136,767
Total Receivables	\$136,767	\$0	\$0	\$136,767
Allowance for Doubtful Accounts	(29,500)			(29,500)
Total Business-type Activities	\$107,267	\$0	\$0	\$107,267

The due from other governments that is owed to the County consists of the following:

Local option sales tax	\$330,813
Various Human Services Revenues	468,484
Motor Fuel Tax	19
NCDENR - Aerial Photography	9,250
FEMA - Flood Plain Grant	33,750
Wireless 911 Funds	39,881
	\$882,197

Notes Receivable

The County has five loans from funds restricted for industrial development. The purpose of the loans is to increase the County tax base and create jobs. The subsequent repayments of these loans will likewise be restricted.

The first loan was made on October 18, 1999 to M&W Signs for \$100,000. M&W Signs manufactures and produces various types of signage and has used the proceeds to upgrade and expand its operations within the County. The terms of this loan call for monthly payments of \$740 for fifteen years, including interest at 4% after the first twelve months.

The second loan was made on October 26, 1999 to SRS for \$110,000. SRS manufactures wastewater treatment systems and small boats. The proceeds from the loan have been used to purchase 14 acres and five buildings in order to move the company operations from Lenoir County to Jones County. The terms of this loan call for monthly payments of \$848 for fifteen years including interest at 6%.

The third loan was made on April 5, 2002 to Blue Rock Structures for \$12,500. Blue Rock is an engineering construction firm and has used the proceeds to assist with the construction of an office within the County. The terms of the loan call for monthly payments of \$125 for ten years including interest at 3.75%.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Notes Receivable (continued)

The fourth loan was made on May 31, 2005 to Timeless Customs for \$50,000. Timeless Customs is an auto repair business and has used the proceeds to make repairs and improvements to the shop building. The terms of the loan call for 59 monthly payments of \$370 including interest at 4% with a balloon payment due May 1, 2010.

The fifth loan was made on January 24, 2007 to Selds, Inc. for \$40,000. Selds, Inc. is a military based microchip business and has used the proceeds to renovate their shop building. The terms of the loan call for 12 monthly interest payments followed by 48 monthly payments of \$453 which include principal and interest. Additionally, agreement calls for \$20,000 repayment upon sale of borrower's real property. The loan carries an interest rate of 4.125%.

The sixth loan was made on February 5, 2008 to Defense Holdings, Inc. Defense Holdings Inc. is a manufacturing business and has used the proceeds to construct their operating facility. The terms of the loan call for monthly payments of \$9,578 including interest of 4.80%. Additionally, the agreement calls for a \$34,400 buyout fee unless the note is paid in full on or before January 31, 2016.

The following summarizes the expected collection on these notes:

Amounts Due for the Year Ended June 30:	M&W #1	SRS	BLUE ROCK	TIMELESS CUSTOMS	SELDS, INC.	DEFENSE HOLDINGS, INC.	TOTAL
2009	\$7,643	\$8,269	\$1,323	\$2,819	\$5,211	\$24,686	\$49,951
2010	7,322	7,600	1,374	39,463	4,760	61,297	121,816
2011	7,620	8,069	1,425		4,960	64,305	86,379
2012	7,928	8,566	1,013		4,298	67,460	89,265
2013	8,213	9,177				70,770	88,160
2014 - 2018	913	14,103				409,479	424,495
2019 - 2023						472,025	472,025
	\$39,639	\$55,784	\$5,135	\$42,282	\$19,229	\$1,170,022	\$1,332,091

Lease Agreement and Option to Purchase

County of Jones entered into a lease agreement and option to purchase with Meherrin Agricultural & Chemical Company on October 18, 2004 for the rental of the old Jones Apparel building. The terms of the contract call for monthly rent payments in the amount of \$3,204 for 60 months with a non-refundable option fee of \$6,400 for the option to purchase. The purchase price under this option to purchase will be \$231,931. At closing, all rental payments as well as the option fee will be credited towards the purchase price leaving a balance due of \$33,291. On December 11, 2007, Meherrin Agricultural & Chemical Company also submitted a bid deposit in the amount of \$1,000 to County of Jones for the purchase of the adjacent lot.

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$385,899			\$385,899
Construction in Progress	406,569	\$8,196	\$368,954	45,811
Total Capital Assets Not Being Depreciated	\$792,468	\$8,196	\$368,954	\$431,710
Capital Assets Being Depreciated:				
Buildings	\$4,892,552	\$938,200	\$5,713	\$5,825,039
Infrastructure	152,235			152,235
Equipment	1,104,557	73,110	33,005	1,144,662
Total Capital Assets Being Depreciated	\$6,149,344	\$1,011,310	\$38,718	\$7,121,936
Less Accumulated Depreciation for:				
Buildings	\$1,175,407	\$127,206	\$2,309	\$1,300,304
Infrastructure	12,292	3,045		15,337
Equipment	811,613	90,265	32,186	869,692
Total Accumulated Depreciation	\$1,999,312	\$220,516	\$34,495	\$2,185,333
Total Capital Assets Being Depreciated, Net	\$4,150,032			\$4,936,603
Governmental Activity Capital Assets, Net	\$4,942,500			\$5,368,313

Depreciation expense was charged to function/programs of the primary government as follows:

General Government	\$79,702
Public Safety	54,176
Environmental Protection	4,667
Economic and Physical Development	21,276
Human Services	22,463
Cultural and Recreational	38,232
Total Depreciation Expense	\$220,516

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

5. Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Jones County Water Fund:				
Capital Assets Not Being Depreciated:				
Land	\$35,708			\$35,708
Construction in Progress	\$1,128,987	\$141,260		1,270,247
<i>Total Capital Assets Not Being Depreciated</i>	\$1,164,695	\$141,260	\$0	\$1,305,955
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$8,793,730	\$11,627		\$8,805,357
Machinery and Equipment	52,375			52,375
Vehicles and Construction Equipment	326,575	13,884		340,459
<i>Total Assets Being Depreciated</i>	\$9,172,680	\$25,511	\$0	\$9,198,191
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$3,056,275	\$183,052		\$3,239,327
Machinery and Equipment	36,488	5,045		41,533
Vehicles and Construction Equipment	257,277	31,953		289,230
<i>Total Accumulated Depreciation</i>	\$3,350,040	\$220,050	\$0	\$3,570,090
<i>Total Capital Assets Being Depreciated, Net</i>	5,822,640			5,628,101
Business-type Activity Capital Assets, Net	\$6,987,335			\$6,934,056

Construction Commitments

The government has active construction projects as of June 30, 2008. The projects include DSS Renovations, Industrial Park construction, Incubator, Defense Holdings, Inc. and Rock Creek Water Project.

Project	Spent-to-Date	Remaining Commitment
Courthouse Renovations	\$108,341	\$499,806
Rock Creek Water Project	1,270,247	181,753
	\$1,378,588	\$681,559

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	<u>\$15,073</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,073</u>
Capital Assets Being Depreciated:				
Buildings	\$81,739			\$81,739
Furniture/Equipment	80,974			80,974
Vehicles	15,602			15,602
Total Capital Assets Being Depreciated	<u>\$178,315</u>	<u>\$0</u>	<u>\$0</u>	<u>\$178,315</u>
Less Accumulated Depreciation For:				
Buildings	\$64,973	\$1,675		\$66,648
Furniture/Equipment	70,786	2,140		72,926
Vehicles	15,602			15,602
Total Capital Accumulated Depreciation	<u>\$151,361</u>	<u>\$3,815</u>	<u>\$0</u>	<u>\$155,176</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>\$26,954</u>			<u>\$23,139</u>
Business-type Activity Capital Assets, Net	<u>\$42,027</u>			<u>\$38,212</u>

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2008, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$295,436	\$77,378	\$16,115	\$388,929
Other Governmental	129,747			129,747
Total Governmental Activities	<u>\$425,183</u>	<u>\$77,378</u>	<u>\$16,115</u>	<u>\$518,676</u>
Business-type Activities:				
Water Fund	\$27,352	\$8,429		\$35,781
Total Business-type Activities	<u>\$27,352</u>	<u>\$8,429</u>	<u>\$0</u>	<u>\$35,781</u>

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

2. Pension Plan Obligations

a. Local Governmental Employee's Retirement System

Plan Description. Jones County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.97% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.61% of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$159,680, \$146,778, and \$142,152, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$4,029, \$4,172, and \$4,190, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Jones County administers a public employee retirement system (*Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time County law enforcement officers. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Active Plan Members	<u>10</u>
Total	<u>10</u>

2. Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

3. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$0, or 0% of annual covered payroll. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post retirement benefit increases. The remaining amortization period at December 31, 2007 was 23 years.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual Required Contribution	\$3,835
Interest on Net Pension Obligation	292
Adjustment to Annual Required Contribution	(248)
Annual Pension Cost	\$3,879
Contributions Made	0
Increase (Decrease) in Net Pension Obligation	\$3,879
Net Pension Obligation - Beginning of Year	4,028
Net Pension Obligation - End of Year	\$7,907

3 YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	4,855	0%	564
June 30, 2007	3,464	0%	4,028
June 30, 2008	3,879	0%	7,907

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2008 were \$32,456, which consisted of \$14,525 from the County and \$17,931 from the law enforcement officers.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

d. **Registers of Deeds' Supplemental Pension Fund**

Plan Description. Jones County also contributes to the Registers of Deeds' Supplemental Pension Fund (*Fund*), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2008, the County's required and actual contributions were \$779.

e. **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

3. **Deferred/Unearned Revenues**

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid Property Taxes Not Yet Earned (General)		\$41,123
Taxes Receivable, Net (General), less penalties	\$488,636	
EMS Receivables, Net	60,877	
Solid Waste Receivables, Net	3,066	
Other Receivables Not Available at Year End	296,754	
E-911 Wireless Revenues	65,086	
Total	<u>\$914,419</u>	<u>\$41,123</u>

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for County employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is in an area of the State that has been mapped and designated an "X" area (all other mapped areas) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP, but can also purchase private coverage. The County's insurance policy provides limited flood coverage in areas outside of the 100-year flood zones and is subject to a per occurrence deductible of \$25,000. Property located in the 100-year flood zone, as designated by FEMA, is excluded from coverage. The County has two properties located inside this area. The County has decided not to pursue further insurance coverage for these two properties.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The County Manager, Finance Officer, and Assistant Finance Officer are individually bonded for \$50,000 each. The Tax Collector is bonded for \$20,000. The Sheriff and Register of Deeds are individually bonded for \$10,000 each.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Jones County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

THIS SPACE INTENTIONALLY LEFT BLANK

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

5. Long-Term Obligations

a. Notes Payable/Installment Obligations

1. On April 13, 2004, the County entered into an agreement to borrow \$2,200,000 from Branch Banking and Trust (BB&T) for the purpose of constructing a county office complex in the Industrial Park located within the county. The County was awarded a \$1,500,000 loan and a \$700,000 grant from the US Department of Agriculture and Rural Development. This funding was used to pay the obligation to BB&T. The USDA obligation calls for forty annual payments of \$78,630 beginning on April 11, 2006 and ending on April 11, 2045. The obligation carries an interest rate of 4.25% and the June 30, 2008 balance was \$1,453,056.

During the Year Ending June 30,	Principal	Interest	Total
2009	\$16,859	\$61,771	\$78,630
2010	17,575	61,055	78,630
2011	18,322	60,308	78,630
2012	19,101	59,529	78,630
2013	19,913	58,717	78,630
2014 - 2018	113,002	280,148	393,150
2019 - 2023	139,144	254,006	393,150
2024 - 2028	171,335	221,815	393,150
2029 - 2033	210,973	182,177	393,150
2034 - 2038	259,782	133,368	393,150
2039 - 2043	319,880	73,270	393,150
2044 - 2045	147,170	9,466	156,636
	\$1,453,056	\$1,455,630	\$2,908,686

2. On April 12, 2007, the County entered into a financing agreement with North Carolina's Eastern Region Development Commission for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$250,000 and the agreement calls for one payment of accrued interest in the amount of \$10,313, then 14 annual payments of \$23,938. The agreement carries a 4.125% interest rate. The June 30, 2008 balance was \$250,000.

During the Year Ending June 30,	Principal	Interest	Total
2009	\$13,625	\$10,313	\$23,938
2010	14,188	9,750	23,938
2011	14,773	9,165	23,938
2012	15,382	8,556	23,938
2013	16,017	7,921	23,938
2014 - 2018	90,558	29,134	119,692
2019 - 2022	85,457	8,908	94,365
	\$250,000	\$83,747	\$333,747

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

3. On April 18, 2007, the County entered into a financing agreement with Jones – Onslow Electric Membership Corporation for the purpose of constructing a building in the Industrial Park in Jones County. The County borrowed \$640,000 and the agreement calls for 120 monthly payments beginning August 1, 2008 and carries no stated interest rate. The June 30, 2008 balance was \$600,000.

During the Year Ending June 30,	Principal	Interest	Total
2009	\$37,798		\$37,798
2010	81,071		81,071
2011	81,071		81,071
2012	81,071		81,071
2013	81,071		81,071
2014 - 2017	237,918		237,918
	\$600,000	\$0	\$600,000

4. On June 20, 2006, the County entered into a financing agreement with the US Department of Agriculture (USDA) for the purpose of constructing a water tank in the Rock Creek area. The County borrowed \$500,000 and the agreement calls for 40 annual payments of \$26,950. The agreement carries a 4.375% interest rate. The June 30, 2008 balance was \$500,000.

During the Year Ending June 30,	Principal	Interest	Total
2009	\$4,771	\$22,179	\$26,950
2010	5,284	21,666	26,950
2011	5,515	21,435	26,950
2012	5,756	21,194	26,950
2013	6,008	20,942	26,950
2014 - 2018	34,220	100,530	134,750
2019 - 2023	42,391	92,359	134,750
2024 - 2028	52,512	82,238	134,750
2029 - 2033	65,048	69,702	134,750
2034 - 2038	80,578	54,172	134,750
2039 - 2043	99,815	34,935	134,750
2044 - 2045	98,102	11,104	109,206
	\$500,000	\$552,456	\$1,052,456

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

b. Capital Lease

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in July of 2001 for the lease of Register of Deeds computer equipment. This lease was modified on May 21, 2003 and some equipment was changed out and updated. This lease was again modified on January 27, 2006 and some equipment was changed out and updated. Present terms require 5 annual payments of \$3,698 beginning on January 27, 2006. The second agreement was executed on March 5, 2003 for the lease of an ambulance and requires five annual payments of \$18,397 beginning on July 15, 2003.

At June 30, 2008, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$155,438	\$148,246	\$7,192

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

Year Ending June 30	
2009	\$3,698
2010	3,698
2011	3,698
Total minimum lease payments	\$11,094
Less: Amount representing interest	921
Present value of the minimum lease payments	\$10,173

c. General Obligation Indebtedness

Qualified Zone Academy bonds (QZAB) issued on August 22, 2002 under Internal Revenue Code Section 1397E; due serially to 2019 with no interest; collateralized by real estate, including a school building.

\$582,596

During the Year Ending June 30,	Principal	Interest	Total
2009	\$50,412		\$50,412
2010	50,412		50,412
2011	50,412		50,412
2012	50,412		50,412
2013	50,412		50,412
2014 - 2018	252,060		252,060
2019	78,476		78,476
	\$582,596	\$0	\$582,596

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

d. Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2008:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Capitalized Leases	\$31,056		\$20,883	\$10,173	\$3,698
USDA Loan	1,469,243		16,187	1,453,056	16,859
Qualified Zone Academy Bonds	633,008		50,412	582,596	50,412
Eastern Region Loan	250,000			250,000	13,625
Jones-Onslow EMC Loan	600,000			600,000	37,798
Net Pension Obligation	4,028	\$3,879		7,907	
Compensated Absences	190,905	157,188	111,096	236,997	
Total Governmental Activities	\$3,178,240	\$161,067	\$198,578	\$3,140,729	\$122,392
Business-type Activity:					
USDA Loan		\$500,000		\$500,000	\$4,771
Compensated Absences	\$17,990	12,050	\$10,721	19,319	
Total	\$17,990	\$512,050	\$10,721	\$519,319	\$4,771

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

C. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances at June 30, 2008 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	<i>Capital Projects:</i>	
	Incubator Building Project	\$301,233
	Defense Holdings, Inc. Project	317,881
Water Fund	<i>Capital Projects:</i>	
	Rock Creek Water Project Fund	559,916
		\$1,179,030

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

Transfers to/from other funds for the year ended June 30, 2008 consists of the following:

	TRANSFERS	
	FROM	TO
Operating Transfers From / To Other Funds		
General Fund:		
Special Revenue Fund		\$35,184
Capital Projects Fund		414,291
Enterprise Fund	\$65,000	
Special Revenue Fund:		
General Fund	35,184	
Capital Projects Fund:		
General Fund	414,291	
Enterprise Fund:		
General Fund		65,000
Total Operating Transfers	\$514,475	\$514,475

IV. FUND BALANCES RESERVED FOR SPECIFIC EXPENDITURES IS MADE UP OF THE FOLLOWING:

General Fund:	
School Capital Outlay	\$1,690,645
Civic Center	31,124
Fire District Tax - Township #7	965
Transportation	9,115
Senior Transportation Fees	4,755
Health Department	250,407
Total	\$1,987,011

V. FUND BALANCES DESIGNATED FOR FUTURE PROJECTS IS MADE UP OF THE FOLLOWING:

General Fund:	
Community (Economic) Development	\$636,396
Social Services Long-Term Screening	115,325
Facility Fees	97,228
Soil Conservation	10,202
White Goods	13,022
Total	\$872,173

VI. JOINT VENTURES

The County participates in a joint venture to operate Neuse Regional Library with three other local governments. Jones County appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2008. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$108,756 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 510 N. Queen Street, Kinston, NC, 28501.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

The County in conjunction with the State of North Carolina and three other local governments participates in a joint venture to operate the Lenoir County Community College. The County appoints two members of the sixteen member Board of Trustees of the Community College. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Jones County division of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$50,374 and \$50,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2008. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2008. Complete financial statements for the community college may be obtained from the community college's administrative offices at PO Box 188, Hwy 70 and 58, NC 28502.

The County, in conjunction with three other local governments, participates in a joint venture to operate the Neuse Center for Mental Health. Jones County appoints one member of the seventeen member board. The County has an ongoing financial responsibility for the Center because of the statutory responsibilities to provide funding for the Center's services. The County contributed \$31,233 for the operation of the Center during the fiscal year ended June 30, 2008. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2008. Complete financial statements for the Center can be obtained from the Neuse Center for Mental Health's administrative offices at 405 Middle Street, City of New Bern, NC 28563.

VII. JOINTLY GOVERNED ORGANIZATIONS

Eastern Carolina Housing Authority

The County, in conjunction with ten (10) other counties, has established the Eastern Carolina Housing Authority (*Authority*). The participating governments established the council to provide housing for low income individuals and families. Each participating government appoints one member to the Authority's governing board.

Global TransPark Development Commission

The Global TransPark Development Commission (*Commission*) is a corporate body created on November 29, 1993. Its purpose is to allow participating counties, including Jones County, which have the potential to derive direct economic benefits from the North Carolina Global TransPark to create a special economic development district, known as the Global TransPark Development Zone. The Commissions' primary responsibility is to promote and encourage economic development within the territorial jurisdiction of the Zone by fostering development projects to provide land, buildings, facilities, programs, information and data systems, and infrastructure requirements for business and industry in the Global TransPark Development Zone.

The Commission is governed by nineteen voting members, consisting of one member from Jones County and each of the twelve other participating counties, and two members each appointed by the Senate, the Governor, and the House of Representatives. The Board of County Commissioners of the respective counties appoints the voting members from each of the counties.

The Commission is responsible for a nonexpendable trust fund consisting of an initial State appropriation of \$7.5 million and 85% of the quarterly distributions of the \$5 motor vehicle license fees collected by the North Carolina Department of Transportation. The motor vehicle tax was adopted by the legislature and the participating counties and was collected for a period of five years. The principal balance of the trust funds is nonexpendable and will revolve as loans are made and repaid to the Commission. At June 30, 2008, the portion of the trust available to be loaned exclusively to Jones County was \$501,235.

JONES COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

VIII. BENEFIT PAYMENTS ISSUED BY THE STATE

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the general purpose financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid	\$9,226,128	\$4,867,246
Food Stamp Program	1,336,164	
Temporary Assistance For Needy Families	69,421	
WIC	143,483	
Supplemental Assistance		134,172
Energy Assistance	31,871	
Foster Care	(152)	(42)
Adoption Assistance	10,164	2,838
Adoption Subsidy		11,710
Total	\$10,817,079	\$5,015,924

IX. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

FEDERAL AND STATE ASSISTED PROGRAMS

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

X. SPECIAL ITEM

During the year ending June 30, 2008, the County completed the construction of a shell building to be used for Economic Development. Defense Holdings, Inc. purchased the building on February 5, 2009 with an installment note issued by the County in the amount of \$1,170,022 (see Note III.A.4). The cost of the construction project was \$1,385,821. This sale resulted in a loss of \$215,799 which has been recorded as a special item on Exhibit 2.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.**
- **Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.**
- **Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.**

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF FUNDING PROGRESS
June 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Unfunded AAL (UAAL) (b - a)	Fund Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
		Liability (AAL) Projected Unit Credit (b)					
12/31/97	\$0	\$31,737		\$31,737	0.00%	\$180,636	17.57%
12/31/98	0	23,650		23,650	0.00%	182,652	12.95%
12/31/99	0	23,898		23,898	0.00%	205,011	11.66%
12/31/00	0	20,704		20,704	0.00%	222,168	9.32%
12/31/01	0	20,801		20,801	0.00%	252,460	8.24%
12/31/02	0	42,508		42,508	0.00%	267,671	15.88%
12/31/03	0	32,716		32,716	0.00%	220,844	14.81%
12/31/04	0	28,538		28,538	0.00%	205,482	13.89%
12/31/05	0	19,162		19,162	0.00%	251,565	7.62%
12/31/06	0	20,139		20,139	0.00%	286,899	7.02%
12/31/07	0	4,154		4,154	0.00%	298,905	1.39%

JONES COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2008

<u>Year Ending June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1998	\$4,824	177%
1999	4,275	200%
2000	3,557	293%
2001	4,166	148%
2002	3,389	69%
2003	4,003	0%
2004	6,076	0%
2005	5,375	0%
2006	4,855	0%
2007	3,464	0%
2008	3,879	0%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/07
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	23 Years
Asset Valuation Method	Market Value
<i>Actuarial Assumptions:</i>	
Investment Rate of Return	7.25%
Projected Salary Increases	4.5% to 12.3%
Includes Inflation At	3.75%
Cost-of-Living Adjustments	N/A

SUPPLEMENTARY INFORMATION
Combining and Individual Fund Financial Statements and Schedules

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad Valorem Taxes:			
Taxes	\$4,549,237	\$4,647,912	\$98,675
Penalties and Interest	40,000	75,302	35,302
Total Ad Valorem Taxes	\$4,589,237	\$4,723,214	\$133,977
Local Option Sales Taxes:			
Articles 39, 40, 42 and 44	\$1,323,350	\$1,678,254	\$354,904
Other Taxes and Licenses:			
Real Estate Transfer Tax	\$40,000	\$46,576	\$6,576
Scrap Tire Disposal Tax	15,000	13,599	(1,401)
White Goods Disposal Tax	5,000	3,079	(1,921)
Total Other Taxes and Licenses	\$60,000	\$63,254	\$3,254
Unrestricted Intergovernmental Revenue:			
Payments in Lieu of Taxes	\$50,000	\$56,992	\$6,992
Beer & Wine Tax	30,000	40,638	10,638
Total Unrestricted Intergovernmental Revenue	\$80,000	\$97,630	\$17,630
Restricted Intergovernmental Revenue:			
State and Federal Grants	\$2,933,752	\$3,460,576	\$526,824
Court Facilities Fees	20,000	35,147	15,147
ABC - 5 cent Bottle Tax	3,000	3,400	400
ABC - 1 cent Bottle Tax	150	163	13
Correction and Rehab Center Grant	57,008	36,039	(20,969)
Juvenile Justice and Delinquency	90,351	90,351	
Veterans Commission	2,000	2,000	
Child Abuse	200	130	(70)
Domestic Violence	800	520	(280)
Inmate Food Reimbursement	4,000	9,063	5,063
National Forest Receipts/Schools	20,000	39,181	19,181
DWI/Safe Roads Act	1,000	1,133	133
Emergency Management	13,110	14,149	1,039
Soil Conservation	41,512	36,404	(5,108)
Recreation Donations		100	100
Total Restricted Intergovernmental Revenue	\$3,186,883	\$3,728,356	\$541,473

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Permits and Fees:			
Beer & Wine	\$400	\$430	\$30
Concealed/Handgun Permits	1,100	2,210	1,110
Building and Other Permits and Fees	73,832	111,936	38,104
Register of Deeds	48,000	51,965	3,965
Marriage Licenses	500	650	150
Franchise - Cable TV	6,257	15,568	9,311
Total Permits & Fees	\$130,089	\$182,759	\$52,670
Sales and Services:			
Jail and Officer Fees	\$18,000	\$24,683	\$6,683
EMS Fees	202,000	376,316	174,316
Trash Fees	47,500	51,987	4,487
Town Tax Billings & Collection	9,725	10,691	966
Vending Machines	400	515	115
Solid Waste/Recycling	51,500	70,027	18,527
Total Sales & Services	\$329,125	\$534,219	\$205,094
Total Investment Earnings	\$165,414	\$331,672	\$166,258
Other Revenues:			
Rent - Economic Development		\$165,487	\$165,487
Civic Center Rent	\$15,000	21,335	6,335
Probation Office Rent	1,760	1,760	
FSA Rent	4,480	4,480	
Gasoline Tax Refund		226	226
Goshen Medical Clinic	78,500		(78,500)
Other	12,314	32,968	20,654
Total Other Revenues	\$112,054	\$226,256	\$114,202
TOTAL REVENUES	\$9,976,152	\$11,565,614	\$1,589,462

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Government:			
Governing Body:			
Salaries & Employee Benefits	\$58,520	\$55,713	\$2,807
Operating Expenses	27,250	27,271	(21)
Insurance Other Than Property	164,583	188,480	(23,897)
Total	\$250,353	\$271,464	(\$21,111)
Elections:			
Salaries & Employee Benefits	\$58,996	\$58,927	\$69
Operating Expenses	17,873	17,745	128
Total	\$76,869	\$76,672	\$197
Finance:			
Salaries & Employee Benefits	\$167,266	\$170,782	(\$3,516)
Operating Expenses	44,604	47,258	(2,654)
Total	\$211,870	\$218,040	(\$6,170)
Taxes:			
Salaries & Employee Benefits	\$210,138	\$208,954	\$1,184
Operating Expenses	40,236	40,380	(144)
Total	\$250,374	\$249,334	\$1,040
Legal:			
Contracted Services	\$43,702	\$43,702	\$0
Jury Commission:			
Salaries & Employee Benefits	\$258	\$257	\$1
Operating Expenses	740	740	
Total	\$998	\$997	\$1
Register of Deeds:			
Salaries & Employee Benefits	\$77,339	\$77,363	(\$24)
Operating Expenses	40,835	37,689	3,146
Total	\$118,174	\$115,052	\$3,122
Public Buildings:			
Salaries & Employee Benefits	\$169,302	\$166,800	\$2,502
Operating Expenses	137,043	141,446	(4,403)
Building Improvement	45,395	45,395	
Total	\$351,740	\$353,641	(\$1,901)

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Court Facilities:			
Operating Expenses	\$34,530	\$36,511	(\$1,981)
Administration:			
Salaries & Employee Benefits	\$147,283	\$158,933	(\$11,650)
Operating Expenses	14,989	15,483	(494)
Total	\$162,272	\$174,416	(\$12,144)
Computer:			
Salaries & Employee Benefits	\$113		\$113
Operating Expenses	73,134	\$71,119	2,015
Total	\$73,247	\$71,119	\$2,128
TOTAL GENERAL GOVERNMENT	\$1,574,129	\$1,610,948	(\$36,819)
Public Safety:			
Sheriff's Department:			
Salaries & Employee Benefits	\$673,456	\$659,271	\$14,185
Operating Expenses	132,508	145,689	(13,181)
Capital	35,868	30,910	4,958
Total	\$841,832	\$835,870	\$5,962
County Jail:			
Salaries & Employee Benefits	\$32,605	\$34,285	(\$1,680)
Operating Expenses	224,232	219,859	4,373
Total	\$256,837	\$254,144	\$2,693
Inspections:			
Salaries & Employee Benefits	\$89,819	\$89,548	\$271
Operating Expenses	20,589	21,110	(521)
Capital	5,810	5,500	310
Total	\$116,218	\$116,158	\$60
Correction/Rehab Center:			
Operating Expenses	\$57,008	\$47,149	\$9,859
Total			
Emergency Services:			
Salaries & Employee Benefits	\$245,323	\$238,227	\$7,096
Operating Expenses	191,045	226,259	(35,214)
Aid to Local Fire Department	46,796	46,791	5
Aid to Local Rescue Squads	38,564	38,564	
Total	\$521,728	\$549,841	(\$28,113)

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Communication System:			
Operating Expenses	\$11,563	\$11,659	(\$96)
Medical Examiner:			
Professional Services	\$2,200	\$5,700	(\$3,500)
Rabies Control:			
Salaries & Employee Benefits	\$972	\$969	\$3
Operating Expenses	5,068	5,191	(123)
Total	\$6,040	\$6,160	(\$120)
TOTAL PUBLIC SAFETY	\$1,813,426	\$1,826,681	(\$13,255)
Environmental Protection:			
Sanitation:			
Salaries & Employee Benefits	\$118,124	\$109,661	\$8,463
Operating Expenses	107,562	89,374	18,188
Contracted Services	147,400	145,398	2,002
Capital		14,062	(14,062)
Total	\$373,086	\$358,495	\$14,591
State Forest Protection	\$67,000	\$71,159	(\$4,159)
Soil Conservation:			
Salaries & Employee Benefits	\$79,003	\$78,972	\$31
Operating Expenses	3,465	3,212	253
Total	\$82,468	\$82,184	\$284
TOTAL ENVIRONMENTAL PROTECTION	\$522,554	\$511,838	\$10,716
Economic & Physical Development:			
Agricultural Extension:			
Salaries & Employee Benefits	\$112,932	\$101,857	\$11,075
Operating Expenses	32,759	32,489	270
Total	\$145,691	\$134,346	\$11,345

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Economic Development:			
Salaries & Employee Benefits	\$6,100	\$6,185	(\$85)
Operating Expenses	59,838	60,178	(340)
Total	\$65,938	\$66,363	(\$425)
Neuse River Council of Governments:			
Allocation & Expenses	\$3,156	\$3,117	\$39
Commissions, Committees & Councils Planning:			
Operating Expenses	\$4,600	\$4,537	\$63
TOTAL ECONOMIC & PHYSICAL DEVELOPMENT	\$219,385	\$208,363	\$11,022
HUMAN SERVICES:			
Health:			
Administration:			
Salaries & Employee Benefits	\$203,375	\$196,358	\$7,017
Operating Expenses	114,253	100,884	13,369
Total	\$317,628	\$297,242	\$20,386
Tuberculosis:			
Salaries and Employee Benefits	\$3,856	\$3,855	\$1
Operating Expenses	1,591	1,368	223
Total	\$5,447	\$5,223	\$224
Bioterrorism			
Salaries and Employee Benefits	\$13,487	\$13,486	\$1
Operating Expenses	48,755	51,387	(2,632)
Total	\$62,242	\$64,873	(\$2,631)
Aids	\$500	\$500	\$0
Communicable Disease:			
Salaries & Employee Benefits	\$8,812	\$8,811	\$1
Operating Expenses	1,966	1,548	418
Total	\$10,778	\$10,359	\$419

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Family Planning:			
Salaries & Employee Benefits	\$33,326	\$33,325	\$1
Operating Expenses	40,186	39,057	1,129
Total	\$73,512	\$72,382	\$1,130
Environmental Health:			
Salaries & Employee Benefits	\$15,449	\$15,449	
Operating Expenses	4,461	5,578	(\$1,117)
Total	\$19,910	\$21,027	(\$1,117)
Food & Lodging:			
Operating Expenses	\$1,205	\$1,612	(\$407)
Cancer Prevention:			
Operating Expenses	\$5,900	\$4,146	\$1,754
Total	\$5,900	\$4,146	\$1,754
Immunization Action Plan:			
Salaries & Employee Benefits	\$5,584	\$5,582	\$2
Operating Expenses	608	1,108	(500)
Total	\$6,192	\$6,690	(\$498)
Maternal & Child Health:			
Salaries & Employee Benefits	\$22,995	\$21,803	\$1,192
Operating Expenses	37,317	35,302	2,015
Total	\$60,312	\$57,105	\$3,207
Women, Infants & Children			
Supplement Food:			
Salaries & Employee Benefits	\$45,295	\$45,926	(\$631)
Operating Expenses	3,761	3,744	17
Total	\$49,056	\$49,670	(\$614)
School Health Education:			
Salaries & Employee Benefits	\$46,228	\$46,228	
Operating Expenses	9,439	9,364	\$75
Total	\$55,667	\$55,592	\$75

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
School Health Nurse:			
Salaries & Employee Benefits	\$43,515	\$41,042	\$2,473
Operating Expenses	6,485	6,576	(91)
Total	\$50,000	\$47,618	\$2,382
Health Promotions:			
Salaries & Employee Benefits	\$10,634	\$10,634	
Operating Expenses	15,675	14,136	\$1,539
Total	\$26,309	\$24,770	\$1,539
Migrant Outreach:			
Salaries & Employee Benefits	\$32,656	\$33,259	(\$603)
Operating Expenses	20,616	11,866	8,750
Total	\$53,272	\$45,125	\$8,147
Child Services - Coordinator:			
Salaries & Employee Benefits		\$1,191	(\$1,191)
Operating Expenses	\$3,549	3,438	111
Total	\$3,549	\$4,629	(\$1,080)
Family Based Counseling:			
Operating Expenses	\$58,403	\$58,403	
Total	\$58,403	\$58,403	\$0
Wellness:			
Salaries & Employee Benefits	\$70,750	\$70,748	\$2
Operating Expenses	7,750	7,526	224
Total	\$78,500	\$78,274	\$226
Maternity Care Coordination:			
Operating Expenses	\$1,339	\$1,339	
Total	\$1,339	\$1,339	\$0
Mosquito Control:			
Operating Expenses	\$1,250	\$1,063	\$187
Total	\$1,250	\$1,063	\$187

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Teen Pregnancy Prevention:			
Salaries & Employee Benefits	\$25,894	\$25,894	
Operating Expenses	36,606	37,250	(\$644)
Total	\$62,500	\$63,144	(\$644)
Teen Tobacco Prevention:			
Operating Expenses	\$9,351	\$9,545	(\$194)
Total	\$9,351	\$9,545	(\$194)
Healthy Carolinian:			
Operating Expenses	\$500	\$500	
Total	\$500	\$500	\$0
Miracle Health Disparities Grant:			
Salaries & Employee Benefits	\$5,949	\$5,949	
Operating Expenses	43,700	42,389	\$1,311
Total	\$49,649	\$48,338	\$1,311
Total Health	\$1,062,971	\$1,029,169	\$33,802
Mental Health:			
Administration:			
Regional Allocation	\$27,670	\$27,670	
Bottle Tax	4,000	3,563	\$437
Total	\$31,670	\$31,233	\$437
Social Services:			
Administration:			
Salaries & Employee Benefits	\$1,050,357	\$1,008,977	\$41,380
Operating Expenses	645,317	623,726	21,591
Capital	24,998	24,998	
Total	\$1,720,672	\$1,657,701	\$62,971
AFDC Program:			
Extra Items	\$4,000	\$1,207	\$2,793
Foster Care	20,000	595	19,405
Total	\$24,000	\$1,802	\$22,198

**JONES COUNTY, NORTH CAROLINA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008**

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Medicaid Program:			
County Participation Only	\$852,490	\$657,108	\$195,382
Foster Care	\$20,000	\$2,162	\$17,838
General Assistance	\$2,700	(\$310)	\$3,010
Aid to Blind	\$4,840	\$1,132	\$3,708
Day Care - County Participation	\$500,362	\$487,239	\$13,123
Food Stamp - EBT	\$8,565	\$3,988	\$4,577
Title III - Homemaker:			
Salaries & Employee Benefits	\$50,867	\$48,105	\$2,762
Operating Expenses	1,750	1,846	(96)
Total	\$52,617	\$49,951	\$2,666
Work First Jobs Program	\$65,300	\$28,084	\$37,216
Work First Family Assistance	\$1,000	\$397	\$603
Supplemental Assistance	\$125,246	\$134,172	(\$8,926)
Medicaid Transportation Dialysis	\$230,000	\$213,548	\$16,452
Crisis Intervention	\$21,867	\$22,402	(\$535)
Adoption Assistance	\$5,053	\$2,838	\$2,215
Energy Assistance - CP&L	\$3,552	\$2,929	\$623
Adult & Youth Services	\$23,200	\$16,943	\$6,257
Long-Term Care Screening	\$11,000	\$6,391	\$4,609
Domestic Violence	\$7,829	\$4,889	\$2,940
Child Protective Service	\$100		\$100
Total Social Services	\$3,680,393	\$3,293,366	\$387,027

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Veterans Service Officer:			
Salaries & Employee Benefits	\$3,550	\$3,558	(\$8)
Operating Expenses	12,455	14,373	(1,918)
Total Veterans Service Officer	\$16,005	\$17,931	(\$1,926)
Rural Transportation	\$50,670	\$43,047	\$7,623
Tri-County Senior Citizens:			
Salaries & Employee Benefits	\$22,984	\$22,495	\$489
Title V	115,120	79,489	35,631
Transportation	20,991	30,584	(9,593)
SR Services Outreach	6,565	7,911	(1,346)
Total Tri-County Senior Citizens	\$165,660	\$140,479	\$25,181
TOTAL HUMAN SERVICES	\$5,007,369	\$4,555,225	\$452,144
Cultural and Recreational:			
Recreational:			
Salaries & Employee Benefits	\$27,466	\$24,635	\$2,831
Operating Expenses	17,017	16,307	710
Total	\$44,483	\$40,942	\$3,541
Civic Center:			
Salaries & Employee Benefits	\$2,943		\$2,943
Operating Expenses	27,726	\$29,079	(1,353)
Total	\$30,669	\$29,079	\$1,590
Interagency Council:			
Operating Expenses	\$9,748	\$6,861	\$2,887
Arts Council Appropriation	\$1,775	\$1,775	\$0
Libraries Appropriation	\$108,856	\$108,756	\$100
TOTAL CULTURAL AND RECREATIONAL	\$195,531	\$187,413	\$8,118

JONES COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
Education:			
Public Schools:			
Current Expense	\$1,382,530	\$1,346,347	\$36,183
Forest Receipts	20,000	39,181	(19,181)
Capital Outlay	87,500	227,257	(139,757)
Total	\$1,490,030	\$1,612,785	(\$122,755)
Community College:			
Salaries & Employee Benefits	\$10,757	\$10,748	\$9
Operating Expenses	50,384	50,374	10
Capital	50,000	50,000	
Total	\$111,141	\$111,122	\$19
TOTAL EDUCATION	\$1,601,171	\$1,723,907	(\$122,736)
Debt Service:			
Principal Retirement	\$37,069	\$87,482	(\$50,413)
Interest	74,253	73,968	285
	\$111,322	\$161,450	(\$50,128)
Miscellaneous - County	\$54,351	\$74,733	(\$20,382)
TOTAL EXPENDITURES	\$11,099,238	\$10,860,558	\$238,680
Revenues Over (Under) Expenditures	(\$1,123,086)	\$705,056	\$1,828,142
OTHER FINANCING SOURCES (USES):			
<i>Transfers (to) from Other Funds:</i>			
Enterprise Fund	\$65,000	\$65,000	
Special Revenue Fund	(40,301)	(35,184)	\$5,117
Capital Projects Fund	(606,721)	(414,291)	192,430
Capital Contribution - Capital Project for Economic Dev.		1,170,023	1,170,023
Appropriated Fund Balance	1,705,108		(1,705,108)
Total Other Financing Sources (Uses)	\$1,123,086	\$785,548	(\$337,538)
NET CHANGE IN FUND BALANCE	\$0	\$1,490,604	\$1,490,604
FUND BALANCES:			
Beginning of Year, July 1		6,315,105	
End of Year, June 30		\$7,805,709	

JONES COUNTY, NORTH CAROLINA
INCUBATOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
2004 CDBG - Economic Development	\$350,000		\$350,000	\$350,000	
Eastern Region - Flex Grant	13,575		13,575	13,575	
<i>Miscellaneous Revenue:</i>					
Golden Leaf Foundation Grant	300,000		300,000	300,000	
Bates Grant	29,890		29,890	29,890	
Progress Energy Grant	1,000		1,000	1,000	
Jones-Onslow EMC Grant	10,000		10,000	10,000	
Total Revenues	\$704,465	\$0	\$704,465	\$704,465	\$0
EXPENDITURES:					
Construction	\$840,214	\$44,045	\$784,468	\$828,513	\$11,701
Administration	18,000		18,000	18,000	
Supplies	3,733		3,732	3,732	1
Building & Finishes	12,390		12,390	12,390	
Miscellaneous	7,542		7,542	7,542	
Total Expenditures	\$881,879	\$44,045	\$826,132	\$870,177	\$11,702
Revenues Over (Under) Expenditures	(\$177,414)	(\$44,045)	(\$121,667)	(\$165,712)	(\$11,702)
OTHER FINANCING SOURCES:					
General Fund (Local Match)	\$177,414	\$100,000	77,414	\$177,414	
Total Other Financing Sources	\$177,414	\$100,000	\$77,414	\$177,414	\$0
Revenues and Other Sources Over (Under) Expenditures	\$0	\$55,955	(\$44,253)	\$11,702	\$11,702
FUND BALANCE:					
Beginning of Year, July 1			55,955		
End of Year, June 30			\$11,702		

JONES COUNTY, NORTH CAROLINA
DEFENSE HOLDINGS, INC. CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Miscellaneous Revenue:</i>					
Golden Leaf Foundation Grant	\$300,000		\$300,000	\$300,000	
DHI Match	175,980		175,980	175,980	
Total Revenues	\$475,980	\$0	\$475,980	\$475,980	\$0
EXPENDITURES:					
Construction	\$1,257,889	\$290,064	\$1,052,427	\$1,342,491	(\$84,602)
Engineering & Architectural	37,932	29,627	8,305	37,932	
Legal	10,000	1,161		1,161	8,839
Administration	40,000				40,000
Contingency	40,000	4,058	179	4,237	35,763
Jones - Onslow EMC	40,000				40,000
Total Expenditures	\$1,425,821	\$324,910	\$1,060,911	\$1,385,821	\$40,000
Revenues Over (Under) Expenditures	(\$949,841)	(\$324,910)	(\$584,931)	(\$909,841)	\$40,000
OTHER FINANCING SOURCES:					
General Fund (Local Match)	\$59,841	\$23,822	\$36,019	\$59,841	
Transfer to/from General Fund		29,627	(69,627)	(40,000)	\$40,000
Installment Purchase Obligations Issued	890,000	890,000		890,000	
Total Other Financing Sources	\$949,841	\$943,449	(\$33,608)	\$909,841	\$40,000
Revenues and Other Sources Over (Under) Expenditures	\$0	\$618,539	(\$618,539)	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1			618,539		
End of Year, June 30			\$0		

COMBINING STATEMENTS FOR NON-MAJOR FUNDS

Special Revenue Funds

- *Property Revaluation Fund* – The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.
- *Emergency Telephone System Fund* – This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- *2007 CDBG Scattered Site Fund* – This fund accounts for the receipt of federal grant funds to be used for replacing and repairing homes.
- *Trent River Snagging Fund* – This fund accounts for the receipt of State funds used to clear the Trent River of debris.

Capital Projects Funds

- *DSS Renovations Capital Projects Fund* – The County uses this fund to account for the improvement of the old DSS building now used to house the tax and the sheriff departments.
- *Rural Center Clean Water Bond Construction Fund* – The County uses this fund to account for the construction/improvement of sewer lines for the Town of Trenton.
- *Courthouse Renovations Capital Projects Fund* – The County uses this fund to account for the construction/improvement of the courthouse.

STATEMENT 6

JONES COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	<u>Special Revenue Funds</u>		<u>Total</u>	<u>Capital Project Fund</u>	<u>Total</u>	
	<u>Property</u>	<u>Emergency</u>	<u>Non-major</u>	<u>Courthouse</u>	<u>Non-major</u>	<u>Total</u>
	<u>Revaluation</u>	<u>Telephone</u>	<u>Special</u>	<u>Renovations</u>	<u>Capital</u>	<u>Non-major</u>
	<u>Fund</u>	<u>System</u>	<u>Revenue</u>	<u>Capital Projects</u>	<u>Projects</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>						
Cash and Investments	\$51,247	\$295,899	\$347,146	\$879,589	\$879,589	\$1,226,735
Due From Other Governments		82,882	82,882			82,882
TOTAL ASSETS	\$51,247	\$378,781	\$430,028	\$879,589	\$879,589	\$1,309,617
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable		\$67,167	\$67,167	\$62,580	\$62,580	\$129,747
Deferred Revenue		65,086	65,086			65,086
Total Liabilities	\$0	\$132,253	\$132,253	\$62,580	\$62,580	\$194,833
Fund Balances:						
Designated for Subsequent Year's Expenditure	\$51,247	\$246,528	\$297,775	\$817,009	\$817,009	\$1,114,784
Total Fund Balances	\$51,247	\$246,528	\$297,775	\$817,009	\$817,009	\$1,114,784
TOTAL LIABILITIES AND FUND BALANCES	\$51,247	\$378,781	\$430,028	\$879,589	\$879,589	\$1,309,617

JONES COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds				Total
	Property Revaluation Fund	Emergency Telephone System Fund	2007 CDBG Scattered Sites Fund	Trent River Snagging Fund	Nonmajor Special Revenue Funds
REVENUES:					
Other Taxes and Licenses		\$132,111			\$132,111
Restricted Intergovernmental		69,045	\$30,178	\$100,000	199,223
Investment Earnings	\$82	742			824
Total Revenues	\$82	\$201,898	\$30,178	\$100,000	\$332,158
EXPENDITURES:					
General Government					
Public Safety		\$160,856			\$160,856
Economic & Physical Development			\$30,178		30,178
Environmental Protection				\$110,184	110,184
Human Services					
Total Expenditures	\$0	\$160,856	\$30,178	\$110,184	\$301,218
Revenues Over (Under) Expenditures	\$82	\$41,042	\$0	(\$10,184)	\$30,940
OTHER FINANCING SOURCES (USES):					
Transfers From (To) Other Funds	\$25,000			\$10,184	\$35,184
Total Other Financing Sources (Uses)	\$25,000	\$0	\$0	\$10,184	\$35,184
Net Change in Fund Balances	\$25,082	\$41,042	\$0	\$0	\$66,124
FUND BALANCES:					
Beginning of Year, July 1	26,165	205,486			231,651
End of Year, June 30	\$51,247	\$246,528	\$0	\$0	\$297,775

STATEMENT 7

Capital Projects Funds			Total	
DSS Renov Capital Projects Fund	Rural Center Clean Water Bond Const. Fund	Courthouse Renovations Capital Projects Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
				\$132,111
				199,223
				824
\$0	\$0	\$0	\$0	\$332,158
		\$70,726	\$70,726	\$70,726
				160,856
	\$4,941		4,941	35,119
				110,184
\$70,485			70,485	70,485
\$70,485	\$4,941	\$70,726	\$146,152	\$447,370
(\$70,485)	(\$4,941)	(\$70,726)	(\$146,152)	(\$115,212)
\$70,485		\$300,000	\$370,485	\$405,669
\$70,485	\$0	\$300,000	\$370,485	\$405,669
\$0	(\$4,941)	\$229,274	\$224,333	\$290,457
	4,941	587,735	592,676	824,327
\$0	\$0	\$817,009	\$817,009	\$1,114,784

JONES COUNTY, NORTH CAROLINA
PROPERTY REVALUATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	<u>Annual Budget</u>	<u>2008 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Investment Earnings		\$82	\$82
Total Revenues	\$0	\$82	\$82
EXPENDITURES:			
General Government:			
Contract Revaluation			
Total Expenditures	\$0	\$0	\$0
Revenues Over (Under) Expenditures	\$0	\$82	\$82
OTHER FINANCING SOURCES:			
Operating Transfer In		\$25,000	\$25,000
Appropriated Fund Balance			
Total Other Financing Sources	\$0	\$25,000	\$25,000
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$25,082	\$25,082
FUND BALANCE:			
Beginning of Year, July 1		26,165	
End of Year, June 30		\$51,247	

JONES COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2008

	Annual Budget	2008 Actual	Variance Favorable (Unfavorable)
REVENUES:			
<i>Other Taxes and Licenses:</i>			
911 System Subscriber Fees	\$34,113	\$132,111	\$97,998
<i>Restricted Intergovernmental:</i>			
Wireless 911 Funds	40,000	69,045	29,045
Investment Earnings	2,000	742	(1,258)
Total Revenues	\$76,113	\$201,898	\$125,785
EXPENDITURES:			
<i>Public Safety:</i>			
911	\$45,340	\$108,139	(\$62,799)
Wireless	40,773	52,717	(11,944)
Total Expenditures	\$86,113	\$160,856	(\$74,743)
Revenues Over (Under) Expenditures	(\$10,000)	\$41,042	\$51,042
Appropriated Fund Balance	10,000		(10,000)
Revenues and Appropriated Fund Balance Over (Under) Expenditures	\$0	\$41,042	\$41,042
FUND BALANCE:			
<i>Beginning of Year, July 1:</i>			
E-911		\$111,696	
Wireless		93,790	
Beginning of Year Totals		\$205,486	
<i>End of Year, June 30:</i>			
E-911		\$136,039	
Wireless		110,489	
End of Year Totals		\$246,528	

JONES COUNTY, NORTH CAROLINA

2007 CDBG SCATTERED SITE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
2007 CDBG Scattered Site	\$400,000		\$30,178	\$30,178	(\$369,822)
Total Revenues	\$400,000	\$0	\$30,178	\$30,178	(\$369,822)
EXPENDITURES:					
<i>Current:</i>					
2007 CDBG Scattered Site:					
Clearance	\$30,000				\$30,000
Administration	40,000		\$28,678	\$28,678	11,322
Relocation	330,000		1,500	1,500	328,500
Total Expenditures	\$400,000	\$0	\$30,178	\$30,178	\$369,822
Revenues Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA

TRENT RIVER SNAGGING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
<i>Restricted Intergovernmental:</i>					
NC DENR Grant	\$100,000		\$100,000	\$100,000	
Total Revenues	\$100,000	\$0	\$100,000	\$100,000	\$0
EXPENDITURES:					
<i>Environmental Protection:</i>					
Professional - Consultant	\$110,000		\$110,000	\$110,000	
Advertisement	184		184	184	
Total Expenditures	\$110,184	\$0	\$110,184	\$110,184	\$0
Revenues Over (Under) Expenditures	(\$10,184)	\$0	(\$10,184)	(\$10,184)	\$0
OTHER FINANCING SOURCES:					
Transfer from General Fund (Local Match)	\$10,184		\$10,184	\$10,184	
Total Other Financing Sources	\$10,184	\$0	\$10,184	\$10,184	\$0
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCE:					
Beginning of Year, July 1					
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA
DSS RENOVATIONS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET & ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Favorable
		Years	Year	To Date	(Unfavorable)
EXPENDITURES:					
Human Services:					
Building & Finishes	\$70,485		\$70,485	\$70,485	\$0
Revenues Over (Under) Expenditures	(\$70,485)	\$0	(\$70,485)	(\$70,485)	\$0
OTHER FINANCING SOURCES:					
Transfer From General Fund	\$70,485		\$70,485	\$70,485	\$0
Total Other Financing Sources	\$70,485	\$0	\$70,485	\$70,485	\$0
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$0	\$0	\$0	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1					
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA
RURAL CENTER CLEAN WATER BOND CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
REVENUES:					
Miscellaneous Revenue:					
Grants	\$259,070	\$246,751		\$246,751	(\$12,319)
Total Revenues	\$259,070	\$246,751	\$0	\$246,751	(\$12,319)
EXPENDITURES:					
Economic and Physical Development	\$281,070	\$263,810	\$4,941	\$268,751	\$12,319
Total Expenditures	\$281,070	\$263,810	\$4,941	\$268,751	\$12,319
Revenues Over (Under) Expenditures	(\$22,000)	(\$17,059)	(\$4,941)	(\$22,000)	\$0
OTHER FINANCING SOURCES:					
Transfer From:					
General Fund (Local Match)	22,000	22,000		22,000	
Total Other Financing Sources	\$22,000	\$22,000	\$0	\$22,000	\$0
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$4,941	(\$4,941)	\$0	\$0
FUND BALANCES:					
Beginning of Year, July 1			4,941		
End of Year, June 30			\$0		

JONES COUNTY, NORTH CAROLINA
COURTHOUSE RENOVATIONS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
EXPENDITURES:					
<i>General Government:</i>					
Architectural Services	\$58,305	\$37,615	\$7,605	\$45,220	\$13,085
Contract Services	519,300		62,580	62,580	456,720
Contingency	30,000		541	541	29,459
Miscellaneous	434				434
Advertising	108				108
Total Expenditures	\$608,147	\$37,615	\$70,726	\$108,341	\$499,806
Revenues Over (Under) Expenditures	(\$608,147)	(\$37,615)	(\$70,726)	(\$108,341)	(\$499,806)
OTHER FINANCING SOURCES:					
<i>Transfer From:</i>					
General Fund	\$463,147	\$480,350	\$300,000	\$780,350	(\$317,203)
County Complex Capital Project Reserve Fund	145,000	145,000		145,000	
Total Other Financing Sources	\$608,147	\$625,350	\$300,000	\$925,350	(\$317,203)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	\$587,735	\$229,274	\$817,009	(\$817,009)
FUND BALANCES:					
Beginning of Year, July 1			587,735		
End of Year, June 30			\$817,009		

ENTERPRISE FUND

Water Fund – This fund accounts for the activities of the County's Water District, the associated Capital Reserve Fund and the Rock Creek Water Project Capital Project Fund.

JONES COUNTY, NORTH CAROLINA
WATER FUND

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
For The Fiscal Year Ended June 30, 2008

	2008		
	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Water Sales	\$721,418	\$726,663	\$5,245
Water Tap Fees	10,000	22,500	12,500
Reconnect Fees	8,000	17,775	9,775
Other Operating Revenues	1,700	2,491	791
Total Operating Revenues	\$741,118	\$769,429	\$28,311
NONOPERATING REVENUES:			
Interest Earned on Investment	\$5,000	\$4,869	(\$131)
Total Nonoperating Revenues	\$5,000	\$4,869	(\$131)
Total Revenues	\$746,118	\$774,298	\$28,180
OPERATING EXPENSES:			
<i>Water Administration, Billing & Collection:</i>			
Salaries & Employee Benefits	\$93,616	\$83,377	\$10,239
Professional Services	7,200	7,128	72
Insurance	62,000	63,835	(1,835)
Postage	13,000	13,198	(198)
Supplies	1,000	1,522	(522)
Printing	5,000	5,077	(77)
Telephone	1,800	1,206	594
Other Operating Expenses	22,105	13,224	8,881
Total	\$205,721	\$188,567	\$17,154
<i>Raw Water Supply & Maintenance:</i>			
Salaries & Employee Benefits	\$188,753	\$155,883	\$32,870
Electric Power	70,000	64,090	5,910
Vehicles Operation & Maintenance	28,000	37,598	(9,598)
Supplies & Materials	12,500	7,746	4,754
Sample Analysis	12,000	10,112	1,888
Other Operating Expenses	64,292	76,031	(11,739)
Maintenance & Replacement	99,852	67,149	32,703
Total	\$475,397	\$418,609	\$56,788
Total Operating Expenses	\$681,118	\$607,176	\$73,942
<i>Capital Outlay:</i>			
Construction		\$25,511	(\$25,511)
Total Expenditures	\$681,118	\$632,687	\$48,431

JONES COUNTY, NORTH CAROLINA

WATER FUND

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)

For The Fiscal Year Ended June 30, 2008

	2008		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	\$65,000	\$141,611	\$76,611
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	(\$65,000)	(\$65,000)	
Transfer to Water Capital Reserve Fund		(50,000)	(\$50,000)
Transfer to Rock Creek Capital Project Fund		(57,762)	(57,762)
Total Other Financing Sources (Uses)	(\$65,000)	(\$172,762)	(\$107,762)
Revenues and Other Financing Sources Over (Under) Expenditures	\$0	(\$31,151)	(\$31,151)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources Over (Under) Expenditures		(\$31,151)	
Reconciling Items:			
Capital Outlay		\$25,511	
Increase in Accrued Vacation		(1,332)	
Depreciation		(220,050)	
Transfer to Water Capital Reserve		50,000	
Transfer to Enterprise Capital Project Fund		57,762	
Interest Earned on Water Capital Reserve		963	
Total Reconciling Items		(\$87,146)	
Change in Net Assets		(\$118,297)	

JONES COUNTY, NORTH CAROLINA
WATER CAPITAL RESERVE FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2008

	Budget	2008 Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest Earned on Investments		\$963	\$963
EXPENDITURES:			
		\$0	\$0
<i>Revenues Over (Under) Expenditures</i>	\$0	\$963	\$963
OTHER FINANCING SOURCES:			
Transfer from Water Fund		\$50,000	\$50,000
<i>Total Other Financing Sources</i>	\$0	\$50,000	\$50,000
<i>Revenues and Other Financing Sources Over (Under) Expenditures</i>	\$0	\$50,963	\$50,963
FUND BALANCES:			
Beginning of Year, July 1		307,287	
<i>End of Year, June 30</i>		<u>\$358,250</u>	

JONES COUNTY, NORTH CAROLINA
ROCK CREEK WATER PROJECT - ENTERPRISE CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
EXPENDITURES:					
Construction	\$1,230,300	\$975,259	\$98,890	\$1,074,149	\$156,151
Engineering	67,500	148,299	37,927	186,226	(118,726)
Inspection	40,000				40,000
Preliminary Engineering Report	15,000				15,000
Environmental Assessment	5,000				5,000
Legal	15,000		2,877	2,877	12,123
Permit Fees	2,000				2,000
Interest Expense	10,000				10,000
Additional Services	4,500	5,429		5,429	(929)
Contingency	62,700		1,566	1,566	61,134
Total Expenditures	\$1,452,000	\$1,128,987	\$141,260	\$1,270,247	\$181,753
Revenues Over (Under) Expenditures	(\$1,452,000)	(\$1,128,987)	(\$141,260)	(\$1,270,247)	(\$181,753)
OTHER FINANCING SOURCES:					
Water Fund (Local Match)	\$500,000	\$500,000		\$500,000	
Water Fund (In-Kind Labor)	452,000	54,651	57,762	112,413	\$339,587
Installment Purchase Obligations Issued	500,000		500,000	500,000	
Total Other Financing Sources	\$1,452,000	\$554,651	\$557,762	\$1,112,413	\$339,587
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$0	(\$574,336)	\$416,502	(\$157,834)	(\$157,834)
FUND BALANCE:					
Beginning of Year, July 1			(574,336)		
End of Year, June 30			(157,834)		

AGENCY FUNDS

Agency Funds serve primarily as clearing mechanisms for cash resources that are collected by a government unit, held as such for a brief period, and then distributed to authorized recipients.

The following comprise the County's Agency Funds:

Social Services Fund – The Social Services Fund is used to account for funds received by the County by court order on behalf of citizens who are unable to manage their own financial affairs.

Fines and Forfeitures Fund – This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Jones County Board of Education.

Ad Valorem Tax Fund – This fund accounts for the proceeds of the ad valorem taxes that are collected by the County on behalf of the municipalities and other taxing jurisdictions within the County.

Agricultural Extension Fund – This fund accounts for the moneys collected and disbursed by the Cooperative Extension office.

JONES COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Fiscal Year Ended June 30, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Social Services Fund:				
Assets, Cash and Investments	<u>\$19,927</u>	<u>\$39,746</u>	<u>\$41,206</u>	<u>\$18,467</u>
Liabilities, Accounts Payable	<u>\$19,927</u>	<u>\$39,746</u>	<u>\$41,206</u>	<u>\$18,467</u>
Fines and Forfeitures Fund:				
Assets, Cash and Investments	\$521	\$123,888	\$123,969	\$440
Accounts Receivable	9,230	5,860	9,230	5,860
Total	<u>\$9,751</u>	<u>\$129,748</u>	<u>\$133,199</u>	<u>\$6,300</u>
Liabilities:				
Intergovernmental Payable - Jones County Board of Education	\$9,230	\$114,713	\$118,082	\$5,861
Intergovernmental Payable - State of North Carolina	521	5,805	5,887	439
Total Liabilities	<u>\$9,751</u>	<u>\$120,518</u>	<u>\$123,969</u>	<u>\$6,300</u>
Ad Valorem Tax Fund:				
Assets, Cash and Investments	<u>\$7,178</u>	<u>\$266,631</u>	<u>\$261,790</u>	<u>\$12,019</u>
Liabilities, Intergovernmental Payables	<u>\$7,178</u>	<u>\$266,631</u>	<u>\$261,790</u>	<u>\$12,019</u>
Agricultural Extension Fund:				
Assets, Cash and Investments	<u>\$26,282</u>	<u>\$25,994</u>	<u>\$26,506</u>	<u>\$25,770</u>
Liabilities, Intergovernmental Payables	<u>\$26,282</u>	<u>\$25,994</u>	<u>\$26,506</u>	<u>\$25,770</u>
Totals - All Agency Funds:				
Assets, Cash	\$53,908	\$456,259	\$453,471	\$56,696
Accounts Receivable	9,230	5,860	9,230	5,860
	<u>\$63,138</u>	<u>\$462,119</u>	<u>\$462,701</u>	<u>\$62,556</u>
Liabilities and Payables	<u>\$63,138</u>	<u>\$452,889</u>	<u>\$453,471</u>	<u>\$62,556</u>

STATISTICAL SECTION

This section includes additional information required on property taxes and transfers.

- **Statement of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Ten Largest Taxpayers**

JONES COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF AD VALOREM TAXES RECEIVABLE
June 30, 2008

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2007	Additions	Collections and Credits	Uncollected Balance June 30, 2008
2007-08		\$4,755,061	\$4,477,987	\$277,074
2006-07	\$242,512		199,138	43,374
2005-06	46,246		16,836	29,410
2004-05	23,176		6,122	17,054
2003-04	18,549		3,926	14,623
2002-03	15,683		2,654	13,029
2001-02	13,167		2,416	10,751
2000-01	16,442		2,051	14,391
1999-00	13,433		1,046	12,387
1998-99	8,897		1,137	7,760
1997-98	8,112		8,112	
	<u>\$406,217</u>	<u>\$4,755,061</u>	<u>\$4,721,425</u>	<u>\$439,853</u>
Less: Allowance for Uncollectible Ad Valorem Taxes				(16,500)
Plus: Uncollected 2007-2008 Ad Valorem Taxes Receivable Vehicles				65,283
Ad Valorem Taxes Receivable - Net				<u><u>\$488,636</u></u>
Reconciliation with Revenue:				
Taxes - Ad Valorem - General Fund				<u><u>\$4,723,214</u></u>
Reconciling Items:				
Penalties and Costs				\$21,434
Discounts Allowed				17,598
Taxes Written Off				8,112
Interest Collected				(53,437)
Prior Year Releases				4,504
Total Reconciling Items				<u><u>(\$1,789)</u></u>
Total Collections and Credits				<u><u>\$4,721,425</u></u>

JONES COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For The Fiscal Year Ended June 30, 2008

	County-Wide		Total Levy	
	Property Valuation	Rate	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:				
Property and Motor Vehicles Taxed at Current Year's Rate	\$671,140,616	0.68	\$4,563,756	\$4,225,101
Property and Motor Vehicles Taxed at Prior Year's Rate	27,764,947	0.66	183,249	183,249
Total Original Levy	\$698,905,563		\$4,747,005	\$4,225,101
Discoveries:				
Current Year Taxes	\$2,092,000		\$31,028	\$31,028
Abatements	(\$3,378,193)		(\$22,972)	(\$22,972)
Total Property Valuation	\$697,619,370			
Net Levy			\$4,755,061	\$4,233,157
Uncollected Taxes at June 30, 2008			277,074	171,569
Current Year's Taxes Collected			\$4,477,987	\$4,061,588
Current Levy Collection Percentage			94.17%	95.95%

JONES COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
For The Fiscal Year Ended June 30, 2008

Taxpayer	Type of Business	2007 Assessed Valuation	Percentage of Total Assessed Valuation
Weyerhaeuser Company	Timber	\$19,882,585	2.85%
Jones - Onslow EMC	Utility	\$17,524,713	2.51%
Brown's Realty Partnership	Real Estate	\$9,894,243	1.42%
Jones County Cotton Gin	Agricultural	\$6,620,187	0.95%
Progress Energy	Utility	\$5,475,762	0.78%
Carolina Telephone & Telegraph Company	Utility	\$4,620,328	0.66%
Brunswick Timber LLC	Timber	\$2,942,726	0.42%
ECIM Properties LLC	Real Estate Rental	\$2,786,257	0.40%
Eastern NC Broadcasting Corporation	Broadcasting	\$2,719,385	0.39%
Brown's Farms LLC	Agricultural	\$2,576,819	0.37%

COMPLIANCE SECTION



BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
KINSTON, NORTH CAROLINA 28504-8319

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA
OSSIE T. SHACKELFORD, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of County Commissioners
Jones County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Jones County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprises Jones County's basic financial statements, and have issued our report thereon dated January 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Jones County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jones County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jones County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of significant deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as Finding 08-1, Finding 08-2, Finding 08-3, Finding 08-4, Finding 08-5, Finding 08-6, Finding 08-7, Finding 08-8, Finding 08-9, and Finding 08-10 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 8-1, Finding 08-2, Finding 08-3, Finding 08-4, Finding 08-5, Finding 08-6, Finding 08-8, and Finding 08-9 to be material weaknesses.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Jones County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as Finding 08-3, Finding 08-5, Finding 08-7, and Finding 08-9.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information of the audit committee, management, others within the organization, members of the county commissioners, and federal and State awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Barrow, Parris & Davenport P.A.
BARROW, PARRIS & DAVENPORT, P.A.

January 29, 2009



BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
KINSTON, NORTH CAROLINA 28504-8319

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

OSSIE T. SHACKELFORD, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners
Jones County, North Carolina

Compliance

We have audited the compliance of Jones County, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. Jones County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jones County's compliance with those requirements.

In our opinion, Jones County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which are described in the accompanying schedule of findings and questioned costs as Finding 08-11 and Finding 08-12.

Internal Control Over Compliance

The management of Jones County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jones County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 08-11 and Finding 08-12 to be significant deficiencies.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Jones County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.

January 29, 2009



BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
KINSTON, NORTH CAROLINA 28504-8319

EDWARD L. BARROW, CPA
JAY A. PARRIS, CPA
L. DOCK DAVENPORT II, CPA

OSSIE T. SHACKELFORD, CPA

MEMBERS
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
POST OFFICE BOX 6069
KINSTON, NC 28501-0069
TELEPHONE: (252) 522-5200
FAX: (252) 523-6366

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE
SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of County Commissioners
Jones County, North Carolina

Compliance

We have audited the compliance of Jones County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. Jones County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Jones County's management. Our responsibility is to express an opinion on Jones County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Jones County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jones County's compliance with those requirements.

In our opinion, Jones County complied in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, which are described in the accompanying schedule of findings and questioned costs as Findings 08-11 and 08-12.

Internal Control Over Compliance

The management of Jones County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Jones County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 08-11 and 08-12 to be significant deficiencies.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control. We do not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Jones County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Barrow, Parris & Davenport, P.A.
BARROW, PARRIS & DAVENPORT, P.A.

January 29, 2009

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

I. SUMMARY OF AUDITOR'S RESULTS

	<u>YES</u>	<u>NO</u>
<u>Financial Statements</u>		
Type of auditor's report issued: Unqualified		
Internal control over financial reporting:		
• Material weakness(es) identified	<u>X</u>	<u> </u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>X</u>	<u> </u>
Noncompliance material to financial statements noted	<u>X</u>	<u> </u>

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified	<u> </u>	<u>X</u>
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>X</u>	<u> </u>
Type of auditor's report issued on compliance for major federal programs: Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<u>X</u>	<u> </u>

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>
	Food Stamp Cluster:
10.551	Food Stamp Program – Direct Benefit Payments
10.561	State Administrative Matching Grants for the Food Stamp Program
10.760	Water & Waste Disposal System for Rural Communities
	Subsidized Child Care Cluster:
93.575	Child Care and Development Fund-Discretionary
93.596	Child Care and Development Fund-Mandatory and Match
93.558	TANF
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$415,106</u>
Auditee qualified as low-risk auditee	<u>X</u>

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

	<u>YES</u>	<u>NO</u>	
<u>State Awards</u>			
Internal control over major State programs:			
• Material weakness(es) identified	_____	<u>X</u>	
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u>X</u>	_____	None reported
Type of auditor's report issued on compliance for major State programs: Unqualified			
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	<u>X</u>	_____	
Identification of major State programs:			

Program Name

Medical Assistance Program

II. FINANCIAL STATEMENT FINDINGS

FINDING 08-1

MATERIAL WEAKNESS

Criteria: The County should have personnel in place that have expertise in financial accounting and reporting sufficient to prepare or review financial statements to ensure they are in accordance with generally accepted accounting principles.

Condition: Although the County has employed financial personnel to perform the daily functions of the finance department, the staff does not have the technical training and background to prevent, detect, and correct potential misstatements in the financial statements and notes prepared in accordance with generally accepted accounting principles.

Effect: The financial statements could include material misstatements or inadequate disclosures that are not in accordance with generally accepted accounting principles.

Cause: The County does not have financial personnel that have the necessary technical training and expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles.

Recommendation: The County may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function. However, an analysis of the costs versus benefits should be considered.

Views of Responsible Officials and Planned Corrective Action:

Due to the related costs to eliminate this deficiency, management has determined that they are willing to accept the risks associated with the deficiency. They will monitor the internal controls over financial reporting, and will make attempts to improve the related internal control process when feasible.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

FINDING 08-2**MATERIAL WEAKNESS**

<i>Criteria:</i>	When performing the year-end closing process, financial personnel should ensure that all material adjustments are made before preparation of the financial statements.
<i>Condition:</i>	Numerous accounts were not adjusted to reflect appropriate year-end balances. Some of the unrecorded adjustments were, in our judgment, material to the financial statements.
<i>Effect:</i>	Before audit adjustments were made, certain account balances were materially misstated.
<i>Cause:</i>	The County has procedures in place regarding the year-end closing process. These procedures were not followed and all accounts were not adjusted to appropriate year-end balances.
<i>Recommendation:</i>	Responsible personnel should ensure that the year-end closing process is performed properly and in a timely manner.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	The County agrees with the finding and procedures will be reviewed. Also, all accounts will be reviewed before year end to ensure adjustments are made.

FINDING 08-3**MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE**

<i>Criteria:</i>	In accordance with North Carolina General Statute 159-28, no obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.
<i>Condition:</i>	Expenditures made in several departments in various County funds exceeded the appropriations made by the governing board.
<i>Effect:</i>	Funds were expended that had not been appropriated by the Board and the expenditures were not in accordance with applicable State statutes.
<i>Cause:</i>	The County did not amend the budget for changes occurring through the year not anticipated in the initial adoption of the budget ordinance. Also, the budget ordinance, as amended, was not maintained appropriately on the computerized general ledger system. Therefore, reports comparing budgeted expenditures versus actual expenditures were not available. Financial personnel could not determine whether unencumbered balances remained in the various appropriations.
<i>Recommendation:</i>	The budget should be monitored closely to ensure that appropriations are available before expenditures are incurred.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with the finding. The Board will be given monthly budget reports for review. Budget amendments will be made as necessary prior to expenditures being incurred.

FINDING 08-4

MATERIAL WEAKNESS

Criteria:

Fixed asset records should be maintained to ensure that all fixed assets meeting the County's capitalization threshold are capitalized at correct carrying amounts and depreciated accurately with reasonable estimated lives. Also, disposals should be properly recorded in the fixed asset system.

Condition:

During the audit of fixed asset records, we determined that certain expenditures meeting the County's fixed assets requirements were not capitalized, or were not capitalized at correct amounts. Depreciation was not properly recorded and no procedures exist to ensure reasonable estimated lives are used.

Effect:

Before audit adjustments as a result of significant additional procedures, the carrying amount of fixed assets was materially misstated.

Cause:

Personnel responsible for maintaining the fixed asset records do not have adequate training in certain areas of fixed asset reporting. Problems also exist with the County's fixed asset reporting software regarding depreciation calculations.

Recommendation:

Personnel should receive adequate training to ensure that all fixed asset additions and disposals are recorded properly and depreciation lives and calculations are reasonable and accurate.

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with this finding. We will provide necessary training and consult with our software provider to ensure that fixed assets are accurately reported in the future.

FINDING 08-5

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Criteria:

In accordance with North Carolina General Statute 159-8(a), the County shall operate under an annual balanced budget ordinance. The budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

Condition:

The budget ordinance, as adopted, was not balanced.

Effect:

The County operated without a balanced budget during the year.

Cause:

The budget ordinance, as adopted, contained mathematical errors in addition. Certain amounts included in the budget ordinance were apparently incorrect or omitted.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

Recommendation: Procedures should be implemented to ensure that the adopted budget ordinance is balanced in accordance with North Carolina General Statutes.

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with this finding. After determining that the budget ordinance was out of balance, we reviewed the budget ordinance and corrected the errors that were made in the preparation of the original budget.

FINDING 08-6

MATERIAL WEAKNESS

Criteria: Cash balances should be reconciled monthly in a timely manner to ensure that all transactions are properly posted during the period.

Condition: Cash reconciliations were not performed in a timely manner.

Effect: Although accounts were eventually reconciled, necessary adjustments were not made in a timely manner. Interim financial information was not current or accurate therefore, management and the governing body could possibly make decisions based on inaccurate or incomplete data.

Cause: Financial transactions were not recorded by financial personnel in a timely manner.

Recommendation: Procedures should be implemented to ensure that all activity is recorded in a timely manner and bank statements are reconciled shortly after the end of the month.

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with this finding. Management will review the general ledger activity and bank statements to ensure they are reconciled in a timely manner.

FINDING 08-7

SIGNIFICANT DEFICIENCY

MATERIAL NONCOMPLIANCE

Criteria: In accordance with North Carolina General Statute 159-8(a), all moneys received and expended by the County should be included in the budget ordinance.

Condition: Several revenue sources were not budgeted or were budgeted in amounts significantly less than actual amounts received.

Effect: The adopted budget was not in accordance with applicable North Carolina General Statutes. Budgetary over-expenditures occurred as a result of the failure to budget certain revenue sources.

Cause: The budget was not monitored properly during the year. Certain new grant sources and additional revenues in excess of originally budgeted amounts were not included in the budget.

Recommendation: The budget should be monitored at periodic intervals. All new or additional revenue sources should be included in the budget by amendment.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with this finding. Financial personnel will monitor the budget periodically during the upcoming year. All additional revenue sources will be added by budget amendment.

FINDING 08-8

MATERIAL WEAKNESS

Criteria:

The Board maintains a dually-signed signature plate to affix signatures on all checks issued by the County. For internal control purposes, two keys exist to ensure adequate segregation of duties.

Condition:

During the year, one employee had access to both keys that are required to use the signature plate.

Effect:

The purpose of the dual signature requirement was not met as only one employee was involved in the check-signing process.

Cause:

Financial personnel were not available at certain times when checks were issued.

Recommendation:

Procedures should be implemented to ensure that no employee has access to both signature plate keys.

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with this finding. We have assigned custody of the second key to other personnel outside the finance area.

FINDING 08-9

MATERIAL WEAKNESS

IMMATERIAL NONCOMPLIANCE

Criteria:

In accordance with North Carolina General Statute 159-28, the finance officer shall approve all disbursements by determining that the amount is payable and an appropriation has been approved in the budget ordinance with an unencumbered remaining balance.

Condition:

During the year, the finance officer did not approve invoices before disbursements were made.

Effect:

The County could not ensure that all amounts paid during the year were appropriately expended. Also, the budget ordinance was not examined to determine that the requirements of North Carolina General Statute 159-28 were met.

Cause:

Financial procedures were not followed by the County finance officer regarding the disbursement of funds.

Recommendation:

Procedures should be monitored by management to ensure that they are followed.

*Views of Responsible
Officials and Planned
Corrective Action:*

The County agrees with this finding. All disbursements are now being approved by the finance officer.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

FINDING 08-10**SIGNIFICANT DEFICIENCY**

Criteria: All revenues of the County should be deposited with the County finance department and all expenditures should be issued and authorized by appropriate personnel in the County finance department.

Condition: During the year, proceeds from the sale of confiscated items were received by the Sheriff's Department that were not submitted to the finance office for deposit and recording in the County's books and records. Expenditures were also made from these funds that did not originate in the finance department. The Sheriff's Department did maintain its own accounting of these funds.

Effect: The County's financial data did not reflect the above-mentioned transactions.

Cause: Personnel were apparently not aware of the requirement to deposit funds with the finance department.

Recommendation: Procedures should be implemented to ensure that all departments deposit all revenue sources with the finance department and all expenditures are approved by the finance department.

*Views of Responsible
Officials and Planned*

Corrective Action: The County agrees with this finding. We will ensure that all department heads are aware of the requirements.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**FINDING 08-11****U.S DEPARTMENT OF AGRICULTURE**

Passed Through the N.C. Department of Health and Human Services:

Program Name: Food Stamp Cluster: Food Stamp Program – Direct Benefit Payments, State Administrative Matching Grants for the Food Stamp Program

CFDA#s: 10.551, 10.561

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed Through the N.C. Department of Health and Human Services:

Program Names: Subsidized Child Care Cluster: Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Social Services Block Grant; Medical Assistance Program

CFDA#s: 93.575, 93.596, 93.558, 93.667, 93.778

SIGNIFICANT DEFICIENCY**IMMATERIAL NONCOMPLIANCE****Reporting**

Criteria: County employees must maintain day sheets and account for 100% of their time.

Condition: In our test of 3 randomly selected employees (each tested for two months), we noted 6 instances where employees had not accounted for their time properly.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

Questioned Costs: None. DSS Finance Officer detected errors and corrected before report submission.

Effect: DSS-1571 report salary reimbursement could be over or understated due to percentage of time reports being incomplete or incorrect.

Cause: Employees not following proper procedures when completing day sheets. No apparent supervisory control.

Recommendation: Employees should be responsible for accounting for 100% of time worked. Supervisory personnel should implement periodic review procedures to ensure accurate recording of time.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with the finding. All departments will be reminded of the requirement that all employees must maintain day sheets that account for 100% of their time.

FINDING 08-12

U.S DEPARTMENT OF AGRICULTURE

Passed Through the N.C. Department of Health and Human Services:

Program Name: Food Stamp Cluster: Food Stamp Program – Direct Benefit Payments, State Administrative Matching Grants for the Food Stamp Program

CFDA#s: 10.551, 10.561

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed Through the N.C. Department of Health and Human Services:

Program Names: Subsidized Child Care Cluster: Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Social Services Block Grant; Medical Assistance Program

CFDA#s: 93.575, 93.596, 93.558, 93.667, 93.778

SIGNIFICANT DEFICIENCY
MATERIAL NONCOMPLIANCE

Reporting

Criteria: Prior monthly corrections should be made in accordance to the DSS Fiscal Manual and that the month/year for which the correction was made has been noted.

Questioned Costs: None. County reimbursements could possibly be delayed.

Condition: In our test of 7 of the 12 monthly reconciliations to the general ledger, all had detectable errors that should have been corrected on the subsequent month's report. DSS personnel did not perform the necessary reconciliations to detect and correct and report the errors in a timely manner.

Effect: DSS-1571 report could be over or understated due to excessive number of errors on a monthly basis.

Cause: DSS personnel was not following proper procedure to detect and correct errors.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2008

Recommendation: DSS finance officer should be responsible for reconciling report to general ledger monthly. Supervisory personnel should implement periodic review procedures to ensure accurate reporting of corrections.

*Views of Responsible
Officials and Planned
Corrective Actions:*

The County agrees with the finding. DSS Finance Officer will be reminded of the requirement that all DSS-1571 reports must be reconciled to the general ledger (per DSS Fiscal Manual) and that corrections be detected and made in a timely manner.

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 08-11

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Names: Subsidized Child Care Cluster: Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Social Services Block Grant; Medical Assistance Program

REFER TO FEDERAL FINDING 08-11

FINDING 08-12

N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Program Names: Subsidized Child Care Cluster: Child Care and Development Fund – Discretionary, Child Care and Development Fund – Mandatory and Match, TANF, Social Services Block Grant; Medical Assistance Program

REFER TO FEDERAL FINDING 08-12

**JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2008**

FINANCIAL STATEMENT FINDINGS**FINDING: 08-1**

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The County has determined that we are willing to accept the risks associated with this deficiency.
- C. Proposed Completion Date: No corrective action will be taken at this time.

FINDING: 08-2

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: Financial personnel will make all material adjustments in performing the closing process.
- C. Proposed Completion Date: For the year ended June 30, 2009

FINDING: 08-3

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The budget will be more closely monitored and amended as necessary.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 08-4

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: Additional training will be provided as necessary. Financial personnel will place emphasis on accurate fixed asset reporting.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 08-5

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: We corrected the finding once we determined that the budget was not in balance. We will monitor future budgets to ensure they are balanced.
- C. Proposed Completion Date: The County has corrected the finding.

JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2008

FINDING: 08-6

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: Financial personnel will become current with the recording of all financial data in a timely manner. Bank accounts will be reconciled shortly after the end of the month.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 08-7

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The finance officer will amend the budget as necessary to record any new or additional revenue sources or expenditures.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 08-8

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The second key has been placed in the custody of another employee outside the finance department. In the future, both employees will be present when the signature stamp is in use.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 08-9

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: The finance officer will approve all invoices for payment in the manner prescribed by N.C.G.S. 159-28.
- C. Proposed Completion Date: The County plans to begin this process immediately.

FINDING: 08-10

- A. Name of Contact Person: Melissa Moore-Freeman, Finance Officer
- B. Corrective Action: All departments will be reminded of the requirement that all funds received or expended should be handled by the finance department.
- C. Proposed Completion Date: The County plans to begin this process immediately.

**JONES COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2008**

FINDING: 08-11

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: All departments will be reminded of the requirement that all employees must maintain day sheets that account for 100% of their time.
- C. Proposed Completion Date: The County DSS plans to begin this process immediately.

FINDING: 08-12

- A. Name of Contact Person: Thelma Simmons, DSS Director
- B. Corrective Action: DSS Finance Officer will be reminded of the requirement that all DSS-1571 reports must be reconciled to the general ledger (per DSS Fiscal Manual) and that corrections be detected and made in a timely manner.
- C. Proposed Completion Date: The County DSS plans to begin this process immediately.

JONES COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2008

FINDING 07-1

(Financial Reporting)

STATUS: Not corrected. See current year finding 08-1.

FINDING 07-2

(Year-end Closing Process)

STATUS: Not corrected. See current year finding 08-2.

FINDING 07-3

(Budgetary Over-expenditures)

STATUS: Not corrected. See current year finding 08-3.

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL PROGRAMS				
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
<u>Food and Nutrition Service:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Social Services:				
Administration:				
Food Stamp Cluster:				
<i>Administered by County Dept. of Social Services:</i>				
Food Stamp Program - Direct Benefit Payments	10.551	\$1,336,164		
State Administrative Matching Grants for the Food Stamp Program	10.561	123,699		\$123,698
Total Food Stamp Cluster		\$1,459,863	\$0	\$123,698
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
Administration:				
<i>Administered by County Health Department:</i>				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	\$49,670		
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	143,483		
		\$193,153	\$0	\$0
Division of Aging:				
Administration:				
<i>Administered by County Finance Department:</i>				
Nutrition Program for the Elderly-C1	10.570	\$4,972		
Nutrition Program for the Elderly-C2	10.570	5,531		
		\$10,503	\$0	\$0
Food Distribution Division:				
<i>Administered by County Dept. of Social Services:</i>				
Commodity Supplemental Food Program	10.565	\$12,830		
		\$12,830	\$0	\$0
Division of Rural Development:				
Water & Waste Disposal Systems for Rural Communities (Note 2)	10.760	\$500,000		
Rural Business Enterprise Grant	10.769	75,000		
		\$575,000	\$0	\$0
Total U.S. Department of Agriculture		\$2,251,349	\$0	\$123,698

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through NC Department of Commerce:</i>				
Community Development Block Grant				
Small Cities - Scattered Site	14.228	\$30,178		
Economic Development	14.228	350,000		
Total U.S. Department of Housing and Urban Development		\$380,178	\$0	\$0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
<i>Passed Through NC Department of Crime Control and Public Safety:</i>				
Division of Emergency Management:				
<i>Administered by County Department of Emergency Management:</i>				
Emergency Management Assistance	83.552	\$14,580		
Total U.S. Department of Homeland Security		\$14,580	\$0	\$0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
<u>Administration on Aging:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Aging Cluster:				
<i>Administered by County Finance Department:</i>				
Special Programs for the Elderly-				
Title III C-Nutritional Services (Congregate)	93.045	\$42,261	\$7,253	\$5,502
Title III C-Nutritional Services (Home Delivered Meals)	93.045	21,083	15,883	4,096
NSIP - Nutrition	93.053	10,052		
Social Services Block Grant (SSBG) - In-Home Services	93.667	50,045	25,154	5,525
Operation Fan			252	
Senior Center General Purpose Funds			4,100	1,367
Family Caregiver Title III-E	93.052	10,005	667	
Title III-D Preventive Health	93.043	1,588	93	187
Total Aging Cluster		\$135,034	\$53,402	\$16,677
<u>Office of the Secretary:</u>				
<i>Passed Through NC Department of Health and Human Services:</i>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Family Planning Services Title X	93.217	\$137,034	\$2,104	\$595
Bioterrorism	93.283	64,873		
		\$201,907	\$2,104	\$595

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>Administration for Children and Families:</u>				
<u>Passed Through NC Department of Health and Human Services:</u>				
<u>Division of Social Services:</u>				
<i>Administered by County Dept. of Social Services:</i>				
Work First/Temporary Assistance for Needy Families (TANF)	93.558	\$51,817		\$24,435
Work First Service	93.558	150,983		76,552
Work First/TANF-Direct Benefit Payments	93.558	69,421		397
		\$272,221	\$0	\$101,384
NC Child Support Enforcement Section	93.563	\$145,780	\$0	\$75,099
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	\$2,226		
Crisis Intervention Program	93.568	22,402		
Energy Assistance Payments-Direct Benefit Payments	93.568	31,871		
		\$56,499	\$0	\$0
Adoption Subsidy-Direct Benefit Payments	93.645		\$11,710	
		\$0	\$11,710	\$0
<u>Passed Through NC Department of Health and Human Services:</u>				
<u>Division of Social Services:</u>				
<i>Foster Care and Adoption Cluster:</i>				
Title IV-E Foster Care-Administration	93.658	\$61,007	\$14,479	\$46,231
Foster Care-Direct Benefit Payments	93.658	(152)	(42)	(42)
Adoption Assistance-Direct Benefit Payments	93.659	10,164	2,838	2,838
Total Foster Care and Adoption Cluster		\$71,019	\$17,275	\$49,027
Social Services Block Grant	93.667	\$182,344	\$43,757	\$152,712
<u>Division of Child Development:</u>				
<u>Subsidized Child Care Cluster:</u>				
<i>Administered by County Department of Social Services:</i>				
Child Care Development Fund-Administration	93.596	\$60,000		
Temporary Assistance for Needy Families	93.558	66,555		
Child Care and Development Fund-Discretionary	93.575	200,317		
Social Service Block Grant	93.667	3,176		
Child Care and Development Fund-Mandatory	93.596	80,159		
Child Care and Development Fund-Match	93.596	54,224		
Smart Start			\$21,252	
TANF-MOE Daycare			72,111	
Total Subsidized Child Care Cluster		\$464,431	\$93,363	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through)		
		Expenditures	State Expenditures	Local Expenditures
SPECIAL PROGRAMS FOR THE AGING - TITLE III-B	93.533	\$42,459	\$2,498	\$4,995
Center for Medicare and Medicaid Services:				
Passed Through NC Department of Health and Human Services:				
Division of Medical Assistance:				
<i>Administered by County Department of Social Services:</i>				
Medicaid Assistance Program	93.778	\$163,167		\$163,167
Medicaid Reimbursement Projects - Transportation	93.778	175,109	\$38,439	
State Children's Insurance Program - N.C. Health Choice	93.767	14,751	1,016	3,906
Direct Benefit Payments:				
Medical Assistance Program	93.778	9,226,128	4,867,246	657,108
		\$9,579,155	\$4,906,701	\$824,181
Health Resources and Services Administration:				
Passed Through NC Department of Health and Human Services:				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Immunization Grants	93.268	\$6,690		
Maternal and Child Health Services Block Grant	93.994	13,073	\$50,000	
		\$19,763	\$50,000	\$0
Centers for Disease Control				
Passed Through NC Department of Health and Human Services:				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Cooperative Agreements for State Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	\$3,246	\$900	
Preventive Health and Health Services Block Grant	93.991		32,802	\$266,213
Health Promotions	93.991	16,913	7,856	
		\$20,159	\$41,558	\$266,213
Total U.S. Department of Health and Human Services		\$11,190,771	\$5,222,368	\$1,490,883
TOTAL FEDERAL ASSISTANCE		\$13,836,878	\$5,222,368	\$1,614,581
STATE PROGRAMS				
OFFICE OF THE GOVERNOR:				
Division of Veteran Affairs:				
<i>Administered by County Veterans Services:</i>				
Veteran Affairs		\$0	\$2,000	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal-(Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<u>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Division of Youth Services:				
<i>Administered by County Finance Department:</i>				
Juvenile Justice and Delinquency			\$90,351	
Division of Social Services:				
<i>Administered by County Department of Social Services:</i>				
Direct Benefit Payments:				
Supplemental Assistance			\$134,132	\$134,172
<u>NC DEPARTMENT OF HEALTH AND HUMAN SERVICES: continued</u>				
Division of Public Health:				
<i>Administered by County Health Department:</i>				
Aid to Counties			\$12,399	
Environmental Services			21,027	
Food and Lodging			1,612	
Communicable Disease Prevention			10,360	
Long-Term Care Screening			6,391	
Carolina Power & Light			2,929	
Scrap Tire Disposal			13,599	
Aids and HIV/STD			500	
Tuberculosis			3,044	
Migrant Outreach			45,125	
Miracle Grant			51,000	
Healthy Carolinian			500	
White Goods			3,079	\$12,883
		\$0	\$171,565	\$12,883
Divison of Natural Resources:				
<i>Administered by County Department of Soil and Water Conservation:</i>				
Soil and Water Conservation			\$36,404	\$45,781
Trent River Clean Up Grant			100,000	10,184
Total NC Department of Health and Human Services		\$0	\$532,452	\$203,020
<u>NC DEPARTMENT OF CORRECTIONS:</u>				
<i>Passed through the Criminal Justice Partnership Program:</i>				
<i>Administered by County Finance Office:</i>				
Correction and Rehab Center		\$0	\$35,546	\$0
<u>NC DEPARTMENT OF TRANSPORTATION:</u>				
<i>Administered by County Finance Department:</i>				
Elderly/Disabled Transportation Assistance Program (E&DTAP)		\$0	\$55,083	\$0

JONES COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
For The Fiscal Year Ended June 30, 2008

Grantor/Pass-Through Grantor/Program Title	Federal-(Direct CFDA & Pass-Through)		State	Local
	Number	Expenditures	Expenditures	Expenditures
<u>NC DEPARTMENT OF INSURANCE:</u>				
SHIIP Grant		\$0	\$5,000	\$0
TOTAL STATE ASSISTANCE		\$0	\$630,081	\$203,020
TOTAL FEDERAL AND STATE ASSISTANCE		\$13,836,878	\$5,852,449	\$1,817,601

BASIS OF PRESENTATION

1. The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Jones County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Loans Outstanding

Jones County had the following loan balance outstanding at June 30, 2008. This loan balance outstanding is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Water & Waste Disposal Systems for Rural Communities	10.760	\$500,000

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: ~~Subsidized Child Care and Foster Care and Adoption.~~